



**ANNUAL BUDGET OF**

**ABAQULUSI MUNICIPALITY**

**2012/13 TO 2014/15**

**MEDIUM TERM REVENUE AND EXPENDITURE**

**FORECASTS**

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i. **ABBREVIATIONS AND ACRONYMS**

**Adjustments Budgets** – Prescribed in section 28 of the Municipal Finance Management Act, this is the formal means by which a municipality may revise its budget during a financial year.

**Allocations** – Money received from Provincial and National Treasury.

**Budget** – The financial plan of a municipality.

**Budget related policy** – Policy of a municipality affecting, or affected by, the budget. Examples include tariff policy, rates policy and credit control and debt policy.

**Budget Steering committee** – Committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA.

**Capital Expenditure** – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

**Cash Flow Statement** – A statement showing when actual cash will be received and spent by the municipality, and the month end balances of cash and short-term investments.

**CPI** – Headline Consumer Price Index

**DMTN** – Domestic Medium Term Note

**DORA** – Division of Revenue Act. Annual legislation which shows the allocations from national to local government.

**DORb** – Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.

**Executive Management Team** – A team comprising the Municipal Manager and the Executive Directors. It reports to the Municipal Manager.

**Equitable Share** – A general grant paid to municipalities. It is predominantly targeted at assisting municipalities with the costs of free basic services.

**GDFI** - Gross Domestic Fixed Investment

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

**IDP** – Integrated Development Plan. The main strategic planning document of a municipality.

**KPI** – Key Performance Indicators. Measures of service output and/or outcome.

**MFMA** - Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.

**MTREF** – Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years.

**MYPD** – Multi Year Price Determination

**NT** – National Treasury

**Operating Expenditure** – The day-to-day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

**Portfolio Committee** – In line with Section 79 of the Structures Act, the Municipality's Portfolio Committees process policies and bylaws relating to the functional areas within their terms of reference, and are responsible for implementation monitoring of these, as well as oversight of the functional areas. Portfolio Committees are also responsible for assessing and monitoring services delivery, ensuring that annual budgets are spent wisely, and that there is no wastage or corruption.

**Rates** – Local Government tax based on assessed valuation of a property.

**TMA** – Total Municipal Account

**SCM** - Supply Chain Management

**SDBIP** – Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**SFA** – Strategic Focus Areas. The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these Strategic Focus Areas.

**Vote** – One of the main segments into which a budget is divided, usually at directorate level.



## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

In the Budget Speech to Parliament on the 22nd of February 2012, Minister of Finance said and I quote 'Mister President, you have given us a clear and historic challenge to "write a new story about South Africa – the story of how, working together, we drove back unemployment and reduced economic inequality and poverty". It is about building modern infrastructure, a vibrant economy, a decent quality of life for all, reduced poverty, decent employment opportunities, by all of us, South Africans from all corners of this country."

Minister Gordhan then went further to say we must not turn away from our challenges. Instead we must confront them and harness all resources at our disposal and learn to do more with less, we have to work smarter and harder.

The Minister further emphasised that State enterprises, municipalities and government departments all need to improve their planning and management of capital projects. In addition to long delays, cost over-runs are often experienced in infrastructure projects. We therefore have to step up the quality of planning, costing and project management so that infrastructure is delivered on time and within the allocated budget. This further means that municipalities and government departments that do not spend, under-spend or mis-spend their allocated funding, will be at risk of losing their allocations and the relevant officials will also be held accountable. National Treasury will be monitoring the spending of grants to ensure value for money and adherence to the Expanded Public Works Program targets.

The Municipal Infrastructure Support Agency will be established this year and will focus on rural municipalities that lack planning capacity.

During the State of the National Address the President asked that we use our strengths by getting more people working, exploiting our mineral wealth and making use of local innovation and business know-how. To make these proposals effective the quality of leadership and co-operation between businesses, labour and government are critical.

The President further stated that the private sector must play a complementary role in improving the implementation and efficiency of infrastructure projects. In the electricity sector, private companies must generate more power and concentrate on renewable energy projects. Government is considering setting up an oversight unit to clarify the roles of regulators and update policies to ensure efficient, transparent regulation of network industries. The Department of Energy is reviewing its electricity pricing policy to provide appropriate guidelines to the National Electricity Regulator.

"Green" growth policies promote economic advancement in an environmentally sustainable manner. The shift towards a more resource efficient, low-carbon economy will lead to new sources of growth and complement economic reforms.

Management within local government has a significant role to play in strengthening the link between the community and governments overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the AbaQulusi Municipality.

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities.

The challenge is to do more with the limited resources available. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that sustainable municipal services are provided economically and equitable to all communities. We must ensure value for money with the greatest possible vigour to ensure rate payers money is well used and not wasted.

One of the priorities is to invest into our infrastructure which is ageing and needs to be updated and maintained. To achieve this we have to improve and encourage investment into the area. We also have to support job creation with focus on unemployed youth who are the future of AbaQulusi, to this extent R 1 million has been allocated by National Treasury to the Expanded Works Program. The municipality will further try and reduce unemployment and poverty with policy reforms and partnerships with local businesses and labour to reduce the cost of doing business, raise productivity, tap new markets for investment and take advantage of opportunities presented by enhanced regional integration.

One of the focus points of the budget this year is to improve the efficiency of the municipality by redirecting spending to priority areas. Department's budgets have been cut in selected areas and funds shifted towards the key priorities.

## **1.2 Council Resolutions**

On 29 May 2012 the Council of AbaQulusi Municipality Local Municipality met in the Council Chambers of AbaQulusi Municipality to consider the annual budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. The Council of AbaQulusi Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;

- 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;

- 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
    - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
    - 1.2.4. Asset management as contained in Table 26 on page 36; and
    - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. The Council of AbaQulusi Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012:
  - 2.1. the tariffs for property rates – as set out in Annexure A,
  - 2.2. the tariffs for electricity – as set out in Annexure B
  - 2.3. the tariffs for the supply of water – as set out in Annexure C
  - 2.4. the tariffs for sanitation services – as set out in Annexure E
  - 2.5. the tariffs for solid waste services – as set out in Annexure F
3. The Council of AbaQulusi Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for other services, as set out in Annexures G1 to G21 respectively.
4. To give proper effect to the municipality's annual budget, the Council of AbaQulusi Municipality Local Municipality approves:
  - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate funds were transferred from low- to high priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditure on non-essential and 'nice-to-have' items. 2012/13 MTREF was drafted in context of a reviving economy, whilst still acknowledging the lingering effects of the economic downturn of the past couple of years.

The budget for the 2012/13 MTREF period was based on the realisation that no, or limited, scope for additional externally- or internally-funded revenue growth existed and was further reiterated in National Treasury guidelines (circular 51) - *"...over the next few years, government must deliver more services – and deliver them more efficiently – within a tight resource envelope. Achieving this objective requires a new way of working: the budget has been reprioritised so that money is moved from low-priority programmes to high-priority programmes. Municipalities are encouraged to adopt similar stances on these issues. This is particularly important in the run-up to the local government elections. Mayors and Councils need to remain focused on the effective delivery of core municipal services...."*

The budget was compiled by ensuring that the financial management processes are transparent, aligned to the accountability cycle and facilitate good governance that is accountable to the local community.

The budget supports the provision of basic services to the communities, facilitating social and economic development, promoting a safe and healthy environment in a sustainable manner.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- The ongoing difficulties in the local economy
- Ageing water, roads and electricity infrastructure
- The need to prioritise projects and expenditure within the existing resources available.
- The increased cost of bulk electricity due to tariff increases from ESKOM. This is placing pressure on the budget as the tariff the municipality has been allowed to charge is less than the bulk cost meaning there are less funds available for

maintenance. Continuous high increases are not sustainable as it gets to a point where services are no longer affordable.

- Affordability of capital projects – allocations had to be reduced due to cash restraints and preference given to repairs and maintenance.

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- The 2011/12 Adjustment Budget priorities and targets, as well as the base line allocations contained in the Adjustment Budget.
- Service level standards were used to inform the measurable objectives, targets and backlog eradication goals.
- Tariff and property rate increases should be affordable and try not to exceed inflation as measured by the CPI, except where the price increases in the services that are beyond the control of the municipality, i.e. ESKOM.
- No budget has been allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the Division of Revenue Act gazette.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 58 and 59 were used to guide the compilation of the 2012/13 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2012/13 MTREF**

	<b>Adjustment Budget 2011 / 2012</b>	<b>Budget Year 2012 / 2013</b>	<b>Budget Year + 2013 / 2014</b>	<b>Budget Year +2 2014 / 2015</b>
	<b>R Thousand</b>	<b>R Thousand</b>	<b>R Thousand</b>	<b>R Thousand</b>
Total Operating Revenue	316,039,224	368,206,022	387,022,672	409,717,376
Total Operating Expenditure		368,146,380	387,022,660	407,283,700
<i>(Surplus) / Deficit for the Year</i>	2,855	(59,642)	(12)	(2,433,676)
<b>Total Capital Expenditure</b>	<b>41,105,000</b>	<b>33,444,000</b>	<b>41,840,000</b>	<b>36,392,000</b>

Total operating revenue has grown by 8.6 percent or R50.6 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational

revenue will increase, equating to a total revenue growth of R93.6 million over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R 368.6 million and translates into a budgeted operating surplus of R 59.639. When compared to the 2011/12 Adjustments Budget, operational expenditure has grown by 16 percent in the 2012/13 budget and by 5.6 and 5.2 percent for each of the respective outer years of the MTREF. The operating expenditure exceeds the income in the two outer years mainly due to the Accumulated Surplus being utilised in this financial year for Depreciation and Provisions.

The capital budget of R 37.2 million for 2012/13 is 15 percent less when compared to the 2011/12 Adjustment Budget. The decrease is due to less grant funding for electrification from DOE and an increase in funding from revenue for projects that were shelved in the previous financial year due to affordability constraints now being urgently required and although more was requested could not be allocated due to current economic circumstances. The capital program increases to R 45.7 million in the 2013/14 financial year due to an increase in DOE funding and then decreases in 2014/15 to R 40.5 million again due to a reduction in the DOE funding. A portion of the capital budget will be funded from internally generated funds in each of the financial years of the MTREF. Capital from government grants and transfers amounts to R 34,9 million which is R 6,1 million less than the 2011/12 financial year.

## **1.4 Operating Revenue Framework**

For AbaQulusi Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure a 92 percent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;

- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source Table 4 FinPerf RE**

**KZN263 Abaqulusi - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	25,075	24,264	29,812	31,671	32,867	32,867	–	39,453	41,663	43,913
Property rates - penalties & collection charges		–	–	–	–	811	811	–	859	908	957
Service charges - electricity revenue	2	69,074	90,353	99,920	139,316	123,439	123,439	–	143,363	151,392	159,567
Service charges - water revenue	2	14,355	16,399	20,438	19,924	22,934	22,934	–	26,413	27,892	29,398
Service charges - sanitation revenue	2	10,939	12,935	13,853	9,539	14,729	14,729	–	16,203	17,110	18,034
Service charges - refuse revenue	2	8,254	10,131	8,818	8,455	11,483	11,483	–	12,630	13,338	14,058
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		571	425	–	579	317	317	–	377	398	420
Interest earned - external investments		331	3,640	653	3,470	3,300	3,300	–	3,000	3,168	3,339
Interest earned - outstanding debtors		1,147	1,118	109	929	17	17	–	19	20	21
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		598	934	1,274	1,673	2,371	2,371	–	1,706	1,801	1,899
Licences and permits		2,954	4,281	2,302	4,520	4,588	4,588	–	5,780	6,104	6,433
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		118,812	78,519	61,829	73,217	73,161	73,161	–	85,240	91,436	99,722
Other revenue	2	2,379	1,696	17,911	21,139	25,071	25,071	–	33,163	31,795	32,459
Gains on disposal of PPE		–	–	–	–	950	950	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>254,489</b>	<b>244,695</b>	<b>256,919</b>	<b>314,432</b>	<b>316,038</b>	<b>316,038</b>	<b>–</b>	<b>368,206</b>	<b>387,023</b>	<b>410,218</b>

**Table 3 Percentage growth in revenue by main revenue source**

Not applicable

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality.

Service charge revenues comprise more than two thirds of the total revenue mix. In the 2011/12 financial year, revenue from services charges is expected to total R172.5 million or 54.6%. This increases to R198.6 million, R209.7 million and R221 million in the respective financial years of the MTREF. A notable trend is the growth in the total percentage revenue

generated from services charges which decreases from 54.6 percent in 2012/13 to 54.3 percent in 2014/15. This can be mainly attributed to the increased cost of bulk electricity due to rapid increases in the Eskom tariffs for bulk electricity and consumers using less electricity due to the cost. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 99).

Property rates is the second largest revenue source totalling 10.7 percent or R 39.4 million rand and increases to R 44.8 million by 2014/15.

The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related. The anticipated revenue from other revenue is R41 million.

Operating grants and transfers totals R 73 million in the 2011/12 financial year and steadily increases to R 85.2 million by 2012/13. Note that the year-on-year growth for the 2012/13 financial year is 8.5 percent, 9.3 and 9.1 percent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

KZN263 Abaqulusi - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>RECEIPTS:</b>	1, 2									
-										
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		38,256	45,902	62,260	70,381	63,274	63,274	82,354	87,633	95,218
Local Government Equitable Share		34,376	41,668	57,893	67,931	58,177	58,177	79,054	84,983	92,518
Finance Management		500	1,000	1,200	1,450	1,450	1,450	1,500	1,750	1,750
Municipal Systems Improvement		1,927	1,300	1,000	1,000	1,000	1,000	800	900	950
Local Government Equitable Share		1,453	1,934	2,167		2,647	2,647			
Expanded Public Works Programme								1,000		
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		-	668	1,276	1,543	1,487	1,487	2,065	2,942	3,602
Health subsidy		-	582	-	-	-	-	-	-	-
Museum		-	-	73	181	125	125	134	143	151
Operational Support for Thusong Service Ce								500	-	500
Community Library Services Grant		-	-	-	-	-	-	197	207	217
Provincialisation of Libraries		-	86	1,203	1,362	1,362	1,362	1,234	2,592	2,734
<b>District Municipality:</b>		80	80	80	80	80	80	821	861	902
ZDM Tourism grant		80	80	80	80	80	80	100	100	100
ZDM Grant: Water								721	761	802
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	38,336	46,650	63,616	72,004	64,841	64,841	85,240	91,436	99,722



Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 percent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of ESKOM bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. The municipality can only increase its tariffs by 11.03% whilst ESKOM is charging the municipality 13.5%.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The percentage increase for property rates is 10%. All households receive a rebate on the first R 15,000 and indigent residents a further R 65,000.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 percent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 percent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed

the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 percent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a 10 percent increase from 1 July 2011 is contained below:

**Table 5 Comparison of proposed rates to be levied for the 2012/13 financial year**

<b>Category</b>	<b>Current Tariff (1 July 2011)</b>	<b>Proposed tariff (from 1 July 2012)</b>
	<b>c</b>	<b>C</b>
Residential properties	0,0053	0,00583
State owned properties	0,0053	0,00583
Business & Commercial	0,01325	0,014575
Agricultural	0,01325	0,014575
Vacant land	0,01325	0,014575
Municipal rateable – Residential	0,0053	0,00583
Industrial	0,01325	0,014575
Non-permitted use/Illegal usage	0,01325	0,014575
Public benefit organisation properties	0,01325	0,014575
Special consent	0,01325	0,014575

#### **1.4.2 Sale of Water and Impact of Tariff Increases**

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

Zululand District Municipality as well as AbaQulusi municipality has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that the current infrastructure is unlikely to sustain its long-term ability to supply water and the District Municipality will have no other choice but to provide funding for infrastructure upgrades.

A tariff increase of 10 percent from 1 July 2012 for water is proposed. In addition 6 kl water per 30-day period will again be granted free of charge to all indigent community members.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 6 Proposed Water Tariffs**

CATEGORY	CURRENT TARIFFS 2011/12	PROPOSED TARIFFS 2012/13
	Rand per kl	Rand per kl
<b>RESIDENTIAL</b>		
(i) 0 to 6 kl per 30-day period	5.60	6.20
(ii) 6.01 to 30 kl per 30-day period	5.60	6.20
(iii) 30.01 to 99 kl per 30-day period	6.10	6.70
(iv) More than 99.01 per 30-day period	7.00	7.70
<b>BUSINESS</b>		
(i) 0 to 6 kl per 30-day period	5.60	6.20
(ii) 6.01 to 30 kl per 30-day period	5.60	6.20
(iii) 30.01 to 99 kl per 30-day period	6.10	6.70
(iv) More than 99.01 per 30-day period	7.00	7.70

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

**Table 7 Comparison between current water charges and increases (Domestic)**

Monthly consumption	Current amount payable	Proposed amount payable	Difference (Increase)	Percentage change
---------------------	------------------------	-------------------------	-----------------------	-------------------

<b>kℓ</b>	<b>R</b>	<b>R</b>	<b>R</b>	
<b>20</b>	112.00	123.20	11.20	10%
<b>30</b>	168.00	184.80	16.80	10%
<b>40</b>	229.00	251.90	22.90	10%
<b>50</b>	290.00	319.00	29.00	10%
<b>80</b>	473.00	520.30	47.30	10%
<b>100</b>	595.90	655.49	59.59	10%

The tariff structure of the 2011/12 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R 7.70 per kilolitre for consumption in excess of 99kℓ per 30 day period.

#### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 13.5 percent increase in the ESKOM bulk electricity tariff to municipalities will be effective from 1 July 2012.

Considering the Eskom increases, the consumer tariff had to be increased by 11.03 percent to offset the additional bulk purchase cost from 1 July 2012. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

**Table 8 Comparison between current electricity charges and increases (Domestic)**

<b>Monthly consumption kWh</b>	<b>Current amount payable R</b>	<b>Proposed amount payable R</b>	<b>Difference (Increase) R</b>	<b>Percentage change</b>
<b>100</b>	67.50	74.90	7.40	11.03%
<b>250</b>	175.50	234.70	59.20	11.03%
<b>500</b>	390.00	432.75	42.75	11.03%
<b>750</b>	653.00	724.60	71.60	11.03%
<b>1 000</b>	933.00	1 035.35	102.35	11.03%
<b>2 00</b>	2 053.00	2 278.35	225.35	11.03%

It should further be noted that NERSA advised that a stepped tariff structure be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines. Electricity losses have increased from 7.86% in 2009/10 to 20.86% in 2010/11.

The approved budget for the Electricity Section can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R 23 million per year for five years will be necessary to steer the Municipality out of this predicament. It must be noted that ESKOM will receive an amount of R 15.1 million to perform electrification and this will then have to be maintained by the municipality.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

#### 1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 10 percent for sanitation from 1 July 2012 is proposed. This section is currently operating at a deficit and it is generally accepted that all service departments should at least break even. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 7 percent of waste water treatment input costs, therefore the higher than CPI increase of 10 percent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 percent of 6 kl water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R 16.2 million for the 2012/13 financial year.

The following table compares the current and proposed tariffs:

**Table 9 Comparison between current sanitation charges and increases**

CATEGORY	CURRENT TARIFF 2011/12		PROPOSED TARIFF 2012/13	
	% DISCHARGED	TARIFF PER kl	% DISCHARGED	TARIFF PER kl
		R		R
0 – 30 kl per 30-day period	75	4.20	75	4,60
30.01 – 99 kl per 30-day period	75	4,80	75	5,30
99.01 and above kl per 30-day period	75	5,20	75	5,70

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

**Table 10 Comparison between current sanitation charges and increases, single dwelling-houses**

Monthly sanitation consumption kl	Current amount payable R	Proposed amount payable R	Difference (10% increase) R
30	126.00	138.00	12.00
30.01 to 99	331.20	365.70	34.50
99.01 and above	331.20	365.70	34.50

**1.4.5 Waste Removal and Impact of Tariff Increases**

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. There have been no funds allocated to this section for repairs and maintenance as the service of refuse collection is outsourced which is the main contributor of expenditure as well as the cost of remuneration. If funds are to be allocated to this section it would contribute to the section having a deficit. It is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 10 percent increase in the waste removal tariff is proposed from 1 July 2012. Higher increases will not be viable in 2012/13 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 10 percent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2012:

**Table 11 Comparison between current waste removal fees and increases**

	WASTE REMOVAL 2011/12	WASTE REMOVAL 2012/13
Tariff per container/household per month or part of a month: Areas serviced by means of: (Tariff is multiplied by the number of service rounds per week and the number of containers/households.)	Per month (R)	
Residential	51.60	54.70
Businesses per container	159.50	169.10
Businesses bulk container	1599.50	1695.50

**1.4.6 Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 10 and 13 percent, with the increase for indigent households closer to 10 percent.

**Table 12 MBRR Table SA14 – Household bills****KZN263 Abaqulusi - Supporting Table SA14 Household bills**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		267.95	291.33	364.16	386.00	386.00	386.00	6.0%	424.60	448.38	472.59
Electricity: Basic levy		78.64	87.29	32.34	34.28	34.28	34.28	11.0%	38.06	40.34	42.76
Electricity: Consumption		420.30	560.00	791.50	952.81	952.81	952.81	11.0%	1,057.90	1,121.37	1,188.65
Water: Basic levy											
Water: Consumption		135.00	150.00	159.00	168.54	168.54	168.54	10.0%	185.39	196.51	208.30
Sanitation		55.50	61.60	65.30	69.22	69.22	69.22	10.0%	76.14	80.71	85.55
Refuse removal		39.90	45.90	48.65	51.57	51.57	51.57	10.0%	56.73	60.13	63.74
Other											
<b>sub-total</b>		<b>997.29</b>	<b>1,196.12</b>	<b>1,460.95</b>	<b>1,662.42</b>	<b>1,662.42</b>	<b>1,662.42</b>	<b>10.6%</b>	<b>1,838.82</b>	<b>1,947.44</b>	<b>2,061.59</b>
VAT on Services		139.62	167.46	204.53	232.74	232.74	232.74		257.43	270.59	288.62
<b>Total large household bill:</b>		<b>1,136.91</b>	<b>1,363.58</b>	<b>1,665.48</b>	<b>1,895.16</b>	<b>1,895.16</b>	<b>1,895.16</b>	<b>10.6%</b>	<b>2,096.25</b>	<b>2,218.03</b>	<b>2,350.21</b>
<b>% increase/-decrease</b>			<b>19.9%</b>	<b>22.1%</b>	<b>13.8%</b>	<b>-</b>	<b>-</b>		<b>10.6%</b>	<b>5.8%</b>	<b>6.0%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates		42.45	161.66	202.08	214.20	214.20	214.20	6.0%	235.62	248.81	262.25
Electricity: Basic levy		78.64	87.29	32.34	34.28	34.28	34.28	11.0%	38.06	40.34	42.76
Electricity: Consumption		209.30	278.88	338.92	407.99	407.99	407.99	11.0%	452.99	480.17	508.98
Water: Basic levy											
Water: Consumption		112.50	125.00	132.50	140.45	140.45	140.45	10.0%	154.50	163.77	173.60

KZN263 Abaqulusi - Supporting Table SA14 Household bills

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Rand/cent</b>											
Sanitation		26.50	29.50	31.27	33.15	33.15	33.15	10.0%	36.47	38.66	40.98
Refuse removal		39.90	45.90	48.65	51.57	51.57	51.57	10.0%	56.73	60.13	63.74
Other											
<b>sub-total</b>		<b>509.29</b>	<b>728.23</b>	<b>785.76</b>	<b>881.64</b>	<b>881.64</b>	<b>881.64</b>	<b>10.5%</b>	<b>974.37</b>	<b>1,031.88</b>	<b>1,092.31</b>
VAT on Services		71.34	101.95	110.01	123.43	123.43	123.43		136.41	144.46	151.92
<b>Total small household bill:</b>		<b>580.63</b>	<b>830.18</b>	<b>895.77</b>	<b>1,005.07</b>	<b>1,005.07</b>	<b>1,005.07</b>	<b>10.5%</b>	<b>1,110.78</b>	<b>1,176.34</b>	<b>1,244.23</b>
<b>% increase/-decrease</b>			<b>43.0%</b>	<b>7.9%</b>	<b>12.2%</b>	<b>-</b>	<b>-</b>		<b>10.5%</b>	<b>5.9%</b>	<b>5.8%</b>
-				-0.82	0.54	-1.00	-				
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy			45.13	32.34	34.28	34.28	34.28	6.0%	37.71	39.82	41.97
Electricity: Consumption											
Water: Basic levy											
Water: Consumption			30.00	31.80	33.71	33.71	33.71	6.0%	37.08	39.16	41.27
Sanitation			61.60	65.30	69.22	69.22	69.22	6.0%	76.14	80.41	84.75
Refuse removal			45.90	48.65	51.57	51.57	51.57	6.0%	56.72	59.90	63.14
Other											
<b>sub-total</b>		<b>-</b>	<b>182.63</b>	<b>178.09</b>	<b>188.78</b>	<b>188.78</b>	<b>188.78</b>	<b>10.0%</b>	<b>207.65</b>	<b>219.29</b>	<b>231.13</b>
VAT on Services			25.57	24.93	26.43	26.43	26.43	-	29.07	30.70	32.36
<b>Total small household bill:</b>		<b>-</b>	<b>208.20</b>	<b>203.02</b>	<b>215.21</b>	<b>215.21</b>	<b>215.21</b>	<b>10.0%</b>	<b>236.72</b>	<b>249.99</b>	<b>263.49</b>
<b>% increase/-decrease</b>			<b>-</b>	<b>(2.5%)</b>	<b>6.0%</b>	<b>-</b>	<b>-</b>		<b>10.0%</b>	<b>5.6%</b>	<b>5.4%</b>
-											



## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services;
- Strict adherences to the principle of no project plan *no budget*. If there is no business plan no funding allocation can be made; and
- Creation of job opportunities by the municipality thus an increase in staff costs.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

**Table 13 Summary of operating expenditure Table A4 by standard classification item**

<u>Expenditure By Type</u>		-										
Employee related costs	2	37,486	51,572	55,959	71,484	92,500	92,500	-	115,577	122,049	128,640	
Remuneration of councillors		8,473	8,970	9,668	12,193	11,350	11,350		12,306	12,995	13,697	
Debt impairment	3	-	-	-	-	-	-	-	2,000	2,112	2,226	
Depreciation & asset impairment	2	13,571	16,694	-	16,338	16,848	16,848	-	18,226	19,247	20,286	
Finance charges		-	-	-	-	125	125	-	30	-	-	
Bulk purchases	2	39,969	60,064	82,097	99,300	100,500	100,500	-	114,446	120,855	127,382	
Other materials	8	14,592	20,121	-	15,193				-	-	-	
Contracted services		1,390	2,604	22,565	27,880	26,504	26,504	-	34,700	36,644	38,622	
Transfers and grants		-	-	-	-	14,929	14,929	-	16,805	14,323	15,045	
Other expenditure	4, 5	50,146	62,164	49,347	35,397	53,279	53,279	-	54,055	58,797	61,886	
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure</b>		<b>165,627</b>	<b>222,189</b>	<b>219,636</b>	<b>277,785</b>	<b>316,036</b>	<b>316,036</b>	<b>-</b>	<b>368,146</b>	<b>387,023</b>	<b>407,784</b>	

The budgeted allocation for employee related costs for the 2012/13 financial year totals R 115.5 million, which equals 31.5 percent of the total operating expenditure. Based on there being no collective SALGBC agreement, salary increases of 5% as advised by National Treasury have been factored into this budget for the 2012/13 financial year. An annual increase of 5.6 and 5.4 percent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all

vacancies were originally removed from the budget and a report was compiled by the Finance Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of critical and strategically important vacancies. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions. Other vacancies were deferred to the budget outer years.

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 92 percent and the Debt Write-off Policy of the Municipality. For the 2011/12 financial year this amount equates to R 7 million and an amount of R 2 million which escalates to R 2.8 million by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 18 million for the 2012/13 financial and equates to 6.2 percent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

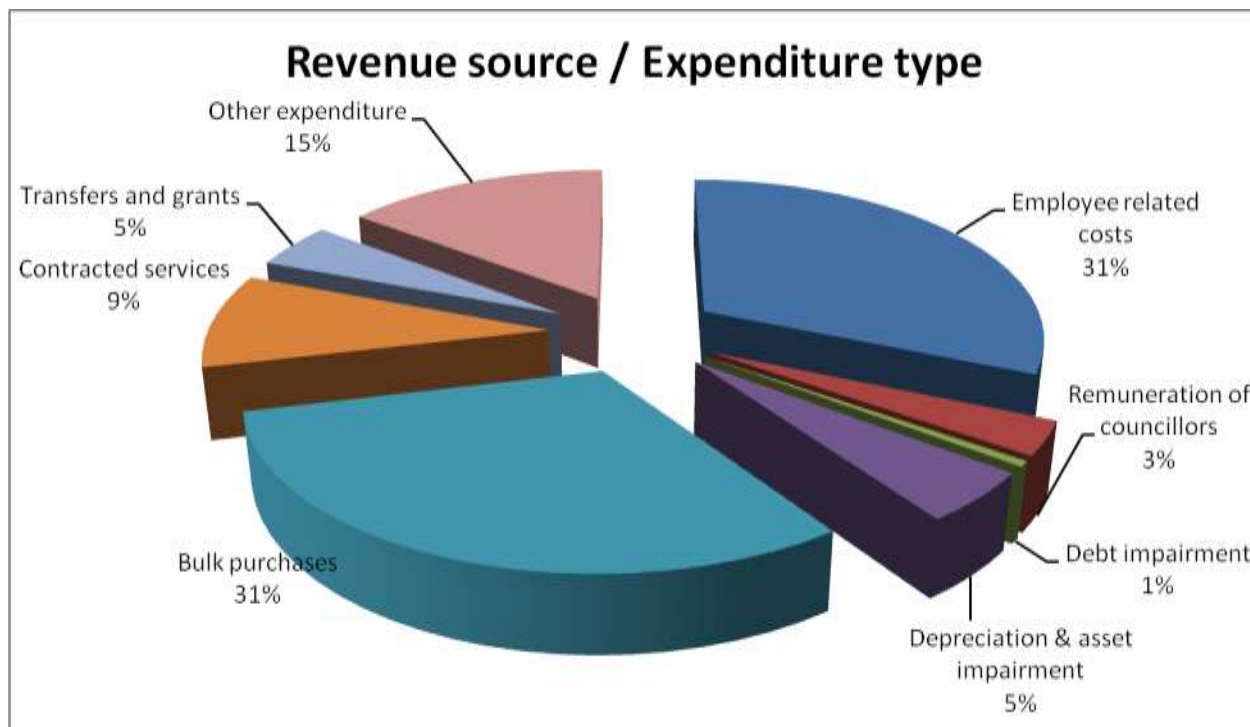
Bulk purchases are directly informed by the purchase of electricity from ESKOM. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. ESKOM increase has been budgeted for at 13.5%.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2012/13 the percentage of this against the group of expenditure is 5.22 percent (R 19.1 million) and continues to grow for the two outer years of which budget allocation is in excess of R 2.1 million by 2014/15.

Contracted services have increased for the Municipality for the 2012/13 financial year. As part of the compilation of the 2012/13 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2012/13 financial year, this group of expenditure totals R 34.7 million and has escalated by just 7.6 percent, clearly demonstrating the need to investigate these contracts before the 2013/14 financial year to try and apply cost efficiencies. For the two outer years growth has been limited to 5.6 and 5.4 percent. As part of the process of identifying further cost efficiencies, a business process re-engineering project will commence in the 2012/13 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

Other expenditure comprises of various line items such as insurances, telephone costs, bank charges, Subsistence and travelling, leasing of office equipment, vehicle leases and other costs relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5 percent for 2012/13 and curbed at 6.2 and 5.9 percent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year.



**Figure 1 Main operational expenditure categories for the 2012/13 financial year**

#### 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 14 Operational repairs and maintenance**

Description	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand									
<b>Repairs and Maintenance by Expenditure Item</b>									
Employee related costs	300,947	315,203	719,975	563,914	573,714	573,714	695,254	748,047	804,931
Other materials	396,812	478,125	367,325	829,158	764,850	764,850	766,120	801,890	845,320
Contracted Services	29,593	101,301	38,206	216,215	206,466	206,466	228,742	259,493	285,642
<b>Total Repairs and Maintenance Expenditure</b>	<b>727,352</b>	<b>894,629</b>	<b>1,125,506</b>	<b>1,609,287</b>	<b>1,545,030</b>	<b>1,545,030</b>	<b>1,690,116</b>	<b>1,809,430</b>	<b>1,935,894</b>

During the compilation of the 2012/13 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 6.5 percent in the 2011/12 financial year, from R 10.9 million to R 15.1 million. During the 2011 Adjustment Budget this allocation was increased slightly to R 16.6 million owing to the challenges faced by the Municipality. Notwithstanding, as part of the 2012/13 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2012/13 equates to R 19.1 million a growth of 8.6 percent in relation to the Adjustment Budget and continues to grow over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 5.2, 5.22 and 5.2 percent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 15 Repairs and maintenance per asset class – Schedule A9**

<b>EXPENDITURE OTHER ITEMS</b>										
<b><u>Depreciation &amp; asset impairment</u></b>		13,571	16,694	–	16,338	16,848	16,848	18,226	19,247	20,286
<b><u>Repairs and Maintenance by Asset Class</u></b>										
<b>Class</b>	3	–	–	–	14,860	16,649	16,649	19,144	20,210	21,302
Infrastructure - Road transport		–	–	–	3,555	4,775	4,775	5,555	5,866	6,183
Infrastructure - Electricity		–	–	–	5,690	4,083	4,083	6,100	6,442	6,789
Infrastructure - Water		–	–	–	2,625	3,557	3,557	3,400	3,590	3,784
Infrastructure - Sanitation		–	–	–	1,000	700	700	2,025	2,138	2,254
Infrastructure - Other		–	–	–	1,010	10	10	15	16	17
Infrastructure		–	–	–	13,880	13,125	13,125	17,095	18,052	19,027
Community		–	–	–	980	3,206	3,206	1,502	1,586	1,672
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	–	–	–	–	318	318	547	572	603
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>13,571</b>	<b>16,694</b>	<b>–</b>	<b>31,198</b>	<b>33,497</b>	<b>33,497</b>	<b>37,370</b>	<b>39,457</b>	<b>41,588</b>

For the 2012/13 financial year, R 17 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling R 6.1 million, followed by road infrastructure of R 5.5 million, water R 3.4 million and sanitation R 2 million. Community assets has been allocated R 1.5 million of total repairs and maintenance.

### **1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register more indigent households during the 2012/13 financial year and the process will be reviewed annually. Detail relating to free services, cost of free basis services, revenue foregone owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The municipality's income for the Free Basic Services is only R10 million whilst the expenditure amounts to R 12.8 million.

## **1.6 Capital expenditure**

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 16 2012/13 Medium-term capital budget per vote – Schedule SA6**

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Sustainable Services	Electricity	A		3,750	6,629	10,040	13,773	13,773	13,773	8,050	15,053	8,056
	Water	B		859	–	40	–	–	–	100	106	111
	Waste Water	C		19,884	12,404	1,000	–	–	–	50	53	56
	Waste	D		–	–	165	–	–	–	225	238	250
	Community	E		29,995	69	12,517	–	–	–	1,635	1,727	1,820
Infrastructure	Roads	F		502	2,653	15,468	20,975	21,332	20,975	25,584	26,988	27,548
Good Governance	Integrated Planning	G		–	–	50	10	–	–	100	106	111
	Human Resources Management	H		471	57	65	3,500	6,500	6,500	60	–	–
	Executive & Council	I		3	21	10	–	–	–	–	–	–
	Financial Management	J		797	192	45	–	–	–	600	634	668
Social Development	Culture & Sport	K		185	–	300	–	–	–	50	53	56
Safety & Security	Public Safety	L		48	–	43	–	–	–	750	792	835
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	56,494	22,025	39,743	38,258	41,605	41,248	37,204	45,749	39,510

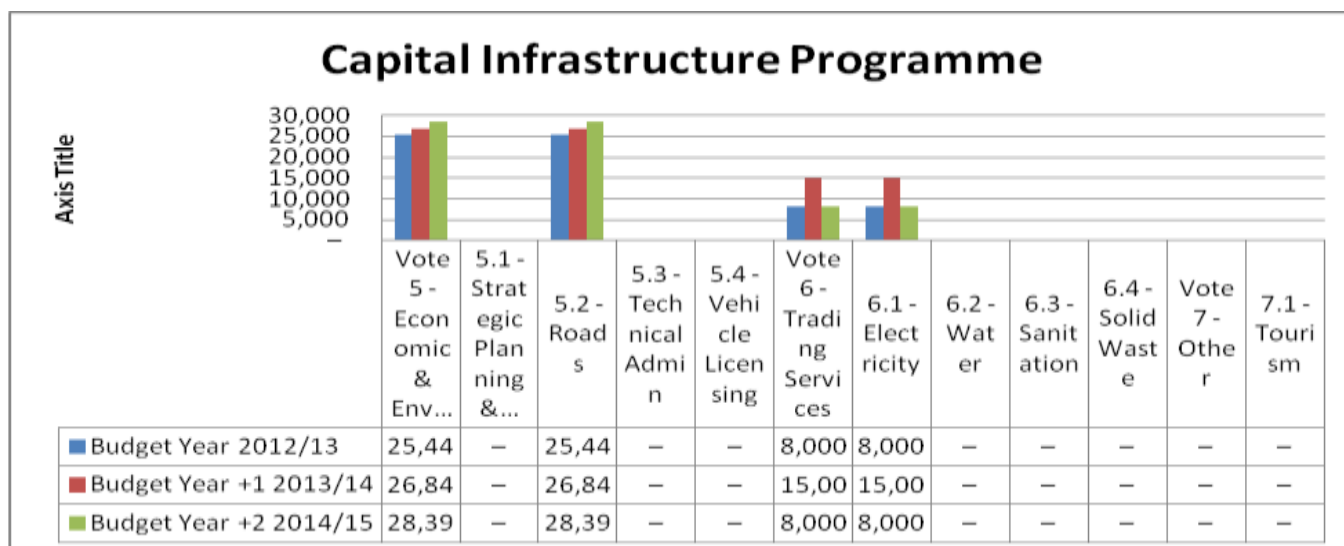
For 2012/13 an amount of R 35.7 million has been appropriated for the development of infrastructure. In the outer years this amount totals R 45.7 million and R 40.5 million respectively for each of the financial years. Roads, storm water, bus route and other rural projects receives the highest allocation of R 26.9 million in 2012/13 which equates to 67.3 percent followed by electricity infrastructure at 22.4 percent, R 8 million.

Total new assets represent 10.3 percent or R 3.7 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26, A9 (Asset Management) on page 36. In addition to the Table A9, MBRR Tables SA34a, b, c and d provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Cemetery development;
- Parks, recreational facilities and swimming pools;
- Fire fighting and security equipment;
- Customer care offices;
- Electricity for all (backlog eradication) – from ESKOM and the Municipality;
- Refurbishment and renewal electrical network;
- New electricity infrastructure;
- Public lighting;
- Waste water treatment works;
- Upgrading and renewal of sewers;
- Bulk supply and backlog eradication of water;
- Refurbishment and renewal of water network;
- Backlog eradication of roads;
- Backlog eradication of storm water drainage;
- Rehabilitation of roads; and
- Extension of main entry roads.

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



**Figure 2 Capital Infrastructure Programme**

### 1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 SA35 on page 91. This table shows that future operational costs associated with the capital programme totals R 37.2 million in 2012/12 and escalates to R 45.7 million by 2013/14. This concomitant operational expenditure is expected to be R 40.5 million by 2014/15. It needs to be noted that as part of the 2012/13 MTREF, this expenditure has been factored into the two outer years of the operational budget.

## 1.7 Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.



**Table 17 MBRR Table A1 - Budget Summary**

Description  R thousands	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Financial Performance</u></b>										
Property rates	25,075	24,264	29,812	31,671	33,677	33,677	–	40,313	42,570	44,869
Service charges	102,622	129,818	143,029	177,234	172,585	172,585	–	198,609	209,731	221,057
Investment revenue	331	3,640	653	3,470	3,300	3,300	–	3,000	3,168	3,339
Transfers recognised - operational	118,812	78,519	61,829	73,217	73,161	73,161	–	85,240	91,436	99,722
Other own revenue	7,649	8,454	21,596	28,840	33,315	33,314	–	41,044	40,118	41,231
<b>Total Revenue (excluding capital transfers and contributions)</b>	254,489	244,695	256,919	314,432	316,038	316,038	–	368,206	387,023	410,218
Employee costs	37,486	51,572	55,959	71,484	92,500	92,500	–	115,577	122,049	128,640
Remuneration of councillors	8,473	8,970	9,668	12,193	11,350	11,350	–	12,306	12,995	13,697
Depreciation & asset impairment	13,571	16,694	–	16,338	16,848	16,848	–	18,226	19,247	20,286
Finance charges	–	–	–	–	125	125	–	30	–	–
Materials and bulk purchases	54,561	80,185	82,097	114,493	100,500	100,500	–	114,446	120,855	127,382
Transfers and grants	–	–	–	–	14,929	14,929	–	16,805	14,323	15,045
Other expenditure	51,536	64,768	71,912	63,277	79,784	79,784	–	90,755	97,552	102,734
<b>Total Expenditure</b>	165,627	222,189	219,636	277,785	316,036	316,036	–	368,146	387,023	407,784
<b>Surplus/(Deficit)</b>	88,862	22,506	37,283	36,647	2	2	–	60	0	2,434
Transfers recognised - capital	–	–	–	48,605	41,105	41,105	–	33,444	41,840	36,392
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	88,862	22,506	37,283	85,252	41,107	41,107	–	33,504	41,840	38,826
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	88,862	22,506	37,283	85,252	41,107	41,107	–	33,504	41,840	38,826
<b><u>Capital expenditure &amp; funds sources</u></b>										
<b>Capital expenditure</b>	2,525	425	843	10	500	500	500	3,760	3,906	4,118
Transfers recognized - capital	52,975	21,600	38,940	38,248	41,105	40,748	40,748	33,444	41,840	36,392
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	3,519	425	803	10	500	500	500	3,760	3,906	4,118
<b>Total sources of capital funds</b>	56,494	22,025	39,743	38,258	41,605	41,248	41,248	37,204	45,746	40,510
<b><u>Financial position</u></b>										
Total current assets	76,051	79,652	92,660	101,259	80,964	73,964	–	135,678	114,788	115,524
Total non current assets	285	119	273,437	273,433	268,778	268,778	–	230,080	230,082	230,083
Total current liabilities	43,809	49,957	52,955	53,225	51,897	51,897	–	62,156	52,000	53,000
Total non current liabilities	–	–	1,856	1,856	41,574	41,574	–	40,000	40,000	40,000
Community wealth/Equity	50,977	(40,173)	5,985	7	249,271	249,271	–	263,602	252,870	252,606
<b><u>Cash flows</u></b>										
Net cash from (used) operating	52,284	17,260	62,875	(24,631)	(1,443)	(1,443)	–	33,504	41,840	38,826
Net cash from (used) investing	(46,765)	(22,026)	–	–	42,055	42,055	–	(33,444)	(41,840)	(36,392)
Net cash from (used) financing	2,476	1,856	1,856	1,856	–	–	–	(1,856)	–	–
<b>Cash/cash equivalents at the year end</b>	47,884	44,974	109,705	(22,775)	41,622	41,622	1,010	664	664	3,098
<b><u>Cash backing/surplus</u></b>										

Description  R thousands	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>reconciliation</u></b>										
Cash and investments available	38,503	42,500	42,500	42,641	51,569	51,569	–	76,678	55,600	56,100
Application of cash and investments	(24,536)	(12,737)	(14,921)	(14,212)	(30,608)	(24,623)	–	(21,700)	(30,788)	(30,774)
<b>Balance - surplus (shortfall)</b>	<b>63,039</b>	<b>55,237</b>	<b>57,421</b>	<b>56,853</b>	<b>82,177</b>	<b>76,192</b>	<b>–</b>	<b>98,378</b>	<b>86,388</b>	<b>86,874</b>
<b><u>Asset management</u></b>										
Asset register summary (WDV)	391,723	413,671	413,671	450,625	74	74	485,338	485,338	82	83
Depreciation & asset impairment	13,571	16,694	–	16,338	16,848	16,848	18,226	18,226	19,247	20,286
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	14,860	16,649	16,649	19,144	19,144	20,210	21,302
<b><u>Free services</u></b>										
Cost of Free Basic Services provided	10,771	8,364	9,511	11,700	10,429	10,429	13,198	13,198	13,545	13,898
Revenue cost of free services provided	5,897	10,364	14,298	14,700	8,400	8,400	7,000	7,000	7,000	7,000
<b><u>Households below minimum service level</u></b>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a) The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b) Capital expenditure is balanced by capital funding sources, of which
    - I. Transfers recognised is reflected on the Financial Performance Budget;
    - II. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2014/15 the water backlog will have been very nearly eliminated.

**Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Description	Ref	Vote 1 - Municipal Governance & Administration	Vote 2 - Budget & Treasury	Vote 3 - Corporate Services	Vote 4 - Community & Public Safety	Vote 5 - Economic & Environmental Services	Vote 6 - Trading Services	Vote 7 - Other	Total
<b>R thousand</b>	1								
<b>Revenue By Source</b>									
Property rates			39,453						39,453
Property rates - penalties & collection charges			859						859
Service charges - electricity revenue							143,363		143,363
Service charges - water revenue							26,413		26,413
Service charges - sanitation revenue							16,203		16,203
Service charges - refuse revenue							12,630		12,630
Service charges - other									-
Rental of facilities and equipment			97	90	180	11			377
Interest earned - external investments			3,000						3,000
Interest earned - outstanding debtors			19						19
Dividends received									-
Fines					1,706				1,706
Licences and permits					3,803	1,977			5,780
Agency services									-
Other revenue			32,340	160	345	317			33,163
Transfers recognised - operational		6,159	68,195	500	1,565	1,000	7,721	100	85,240
Gains on disposal of PPE									-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>6,159</b>	<b>143,963</b>	<b>750</b>	<b>7,600</b>	<b>3,305</b>	<b>206,330</b>	<b>100</b>	<b>368,206</b>
<b>Expenditure By Type</b>									
Employee related costs		9,803	13,844	10,477	22,175	18,416	40,588	75	115,577
Remuneration of councillors		12,306							12,306
Debt impairment		2,000							2,000
Depreciation & asset impairment		152	203	1,437	726	5,192	10,517		18,226
Finance charges			30						30
Bulk purchases							114,446		114,446
Other materials		-							-
Contracted services		700	1,350	8,725	8,710	3,054	12,161		34,700
Transfers and grants		925	4,500	500	-	1,000	9,880		16,805
Other expenditure		10,564	3,731	3,809	7,161	9,356	19,239	195	54,055
Loss on disposal of PPE									-
<b>Total Expenditure</b>		<b>36,450</b>	<b>23,658</b>	<b>24,948</b>	<b>38,772</b>	<b>37,017</b>	<b>206,832</b>	<b>470</b>	<b>368,146</b>
<b>Surplus/(Deficit)</b>		<b>(30,291)</b>	<b>120,306</b>	<b>(24,198)</b>	<b>(31,172)</b>	<b>(33,712)</b>	<b>(502)</b>	<b>(370)</b>	<b>60</b>
Transfers recognised - capital			-			-	33,444		33,444
Contributions recognised - capital									-
Contributed assets									-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(30,291)</b>	<b>120,306</b>	<b>(24,198)</b>	<b>(31,172)</b>	<b>(33,712)</b>	<b>32,942</b>	<b>(370)</b>	<b>33,504</b>

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste functions, but not the Waste water function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Governance & Administration.

**Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
<b>ASSETS</b>											
<b><u>Call investment deposits</u></b>											
Call deposits < 90 days		34,767	38,497	38,497	38,497	11,526	11,526	-	74,678	53,500	54,000
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
<b>Total Call investment deposits</b>	2	<b>34,767</b>	<b>38,497</b>	<b>38,497</b>	<b>38,497</b>	<b>11,526</b>	<b>11,526</b>	<b>-</b>	<b>74,678</b>	<b>53,500</b>	<b>54,000</b>
<b><u>Consumer debtors</u></b>											
Consumer debtors		23,715	33,220	33,220	50,500	43,408	43,408	-	43,500	43,500	43,500
Less: Provision for debt impairment		(1,940)	(13,008)	-	-	7,000	-	-	(2,000)	(2,112)	(2,226)
<b>Total Consumer debtors</b>	2	<b>21,775</b>	<b>20,212</b>	<b>33,220</b>	<b>50,500</b>	<b>50,408</b>	<b>43,408</b>	<b>-</b>	<b>41,500</b>	<b>41,388</b>	<b>41,274</b>
<b><u>Debt impairment provision</u></b>											
Balance at the beginning of the year		-	-	-	-	-	-	-	-	-	-
Contributions to the provision		-	-	-	-	-	-	-	2,000	2,112	2,226
Bad debts written off		8,309	-	-	-	-	-	-	-	-	-
<b>Balance at end of year</b>		<b>8,309</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>2,112</b>	<b>2,226</b>
<b><u>Property, plant and equipment (PPE)</u></b>											
PPE at cost/valuation (excl. finance leases)		-	-	273,318	273,318	230,650	230,650	-	230,000	230,000	230,000
Leases recognised as PPE	3	-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		-	-	-	-	-	-	-	-	-	-
<b>Total Property, plant and equipment (PPE)</b>	2	<b>-</b>	<b>-</b>	<b>273,318</b>	<b>273,318</b>	<b>230,650</b>	<b>230,650</b>	<b>-</b>	<b>230,000</b>	<b>230,000</b>	<b>230,000</b>
<b>LIABILITIES</b>											
<b><u>Current liabilities - Borrowing</u></b>											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		-	1,856	1,856	1,856	-	-	-	1,856	-	-
<b>Total Current liabilities - Borrowing</b>		<b>-</b>	<b>1,856</b>	<b>1,856</b>	<b>1,856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,856</b>	<b>-</b>	<b>-</b>
<b><u>Trade and other payables</u></b>											
Trade and other creditors		20,536	20,831	20,831	21,071	20,316	20,316	-	20,300	20,300	20,500

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
Unspent conditional transfers		5,054	8,644	8,644	8,644	-	-	-	9,000	-	-
VAT		10,739	10,037	10,037	10,037	-	-	-	-	-	-
<b>Total Trade and other payables</b>	2	<b>36,329</b>	<b>39,512</b>	<b>39,512</b>	<b>39,752</b>	<b>20,316</b>	<b>20,316</b>	-	<b>29,300</b>	<b>20,300</b>	<b>20,500</b>
<b><u>Non current liabilities - Borrowing</u></b>											
Borrowing	4	-	-	1,856	1,856	1,856	1,856	-	-	-	-
Finance leases (including PPP asset element)		-	-	1,856	1,856	1,856	1,856	-	-	-	-
<b>Total Non current liabilities - Borrowing</b>		<b>-</b>	<b>-</b>	<b>1,856</b>	<b>1,856</b>	<b>1,856</b>	<b>1,856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Provisions - non-current</u></b>											
Retirement benefits		-	-	-	-	39,718	39,718	-	40,000	40,000	40,000
List other major provision items		-	-	-	-	-	-	-	-	-	-
Refuse landfill site rehabilitation		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Provisions - non-current</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,718</b>	<b>39,718</b>	<b>-</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>CHANGES IN NET ASSETS</b>											
<b><u>Accumulated Surplus/(Deficit)</u></b>											
Accumulated Surplus/(Deficit) - opening balance		-	-	-	-	-	-	-	-	-	-
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		88,862	22,506	37,283	85,252	41,107	41,107	-	33,504	41,840	38,826
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
<b>Accumulated Surplus/(Deficit)</b>	1	<b>88,862</b>	<b>22,506</b>	<b>37,283</b>	<b>85,252</b>	<b>41,107</b>	<b>41,107</b>	<b>-</b>	<b>33,504</b>	<b>41,840</b>	<b>38,826</b>
<b><u>Reserves</u></b>											
Housing Development Fund	-	-	-	-	-	777	777	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
<b>Total Reserves</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>777</b>	<b>777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
TOTAL COMMUNITY WEALTH/EQUITY	2	88,862	22,506	37,283	85,252	41,884	41,884	–	33,504	41,840	38,826
<b>Total capital expenditure includes expenditure on nationally significant priorities:</b>											
Provision of basic services		–	–	–	–	–	–	–	–	–	–



**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 20 Surplus/ (Deficit) calculations for the trading services**

None

2. The electricity trading surplus is deteriorating over the 2012/13 MTREF from R 2.7 million in 2011/12 to R 1.4 million in 2012/13. This is primarily as a result of the high increases in ESKOM bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. The surplus on the water account remains relatively constant over the MTREF translating into a surplus of R 2.4 million, R 2.5 million and R 2.7 million for each of the respective financial years.
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

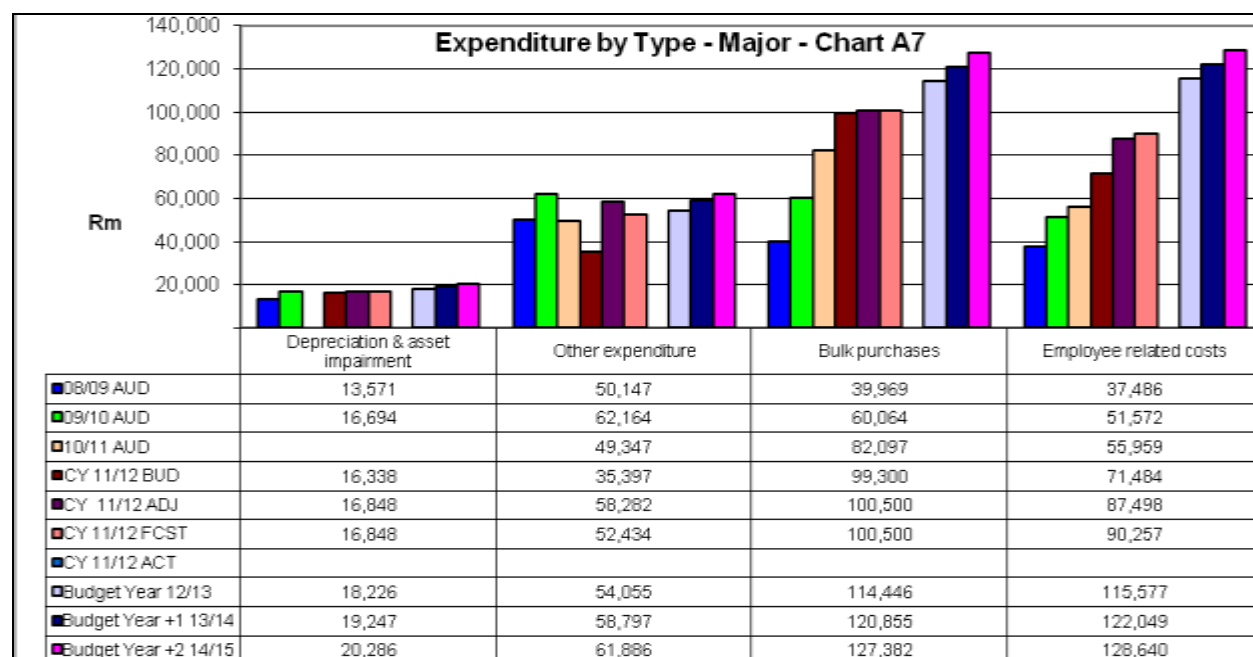
**Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	1										
<b>Revenue By Source</b>											
Property rates	2	25,075	24,264	29,812	31,671	32,867	32,867	–	39,453	41,663	43,913
Property rates - penalties & collection charges		–	–	–	–	811	811	–	859	908	957
Service charges - electricity revenue	2	69,074	90,353	99,920	139,316	123,439	123,439	–	143,363	151,392	159,567
Service charges - water revenue	2	14,355	16,399	20,438	19,924	22,934	22,934	–	26,413	27,892	29,398
Service charges - sanitation revenue	2	10,939	12,935	13,853	9,539	14,729	14,729	–	16,203	17,110	18,034
Service charges - refuse revenue	2	8,254	10,131	8,818	8,455	11,483	11,483	–	12,630	13,338	14,058
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		571	425	–	579	317	317		377	398	420
Interest earned - external investments		331	3,640	653	3,470	3,300	3,300		3,000	3,168	3,339
Interest earned - outstanding debtors		1,147	1,118	109	929	17	17		19	20	21
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		598	934	1,274	1,673	2,371	2,371		1,706	1,801	1,899
Licences and permits		2,954	4,281	2,302	4,520	4,588	4,588		5,780	6,104	6,433
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		118,812	78,519	61,829	73,217	73,161	73,161		85,240	91,436	99,722
Other revenue	2	2,379	1,696	17,911	21,139	25,071	25,071	–	33,163	31,795	32,459
Gains on disposal of PPE		–	–	–	–	950	950	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>254,489</b>	<b>244,695</b>	<b>256,919</b>	<b>314,432</b>	<b>316,038</b>	<b>316,038</b>	–	<b>368,206</b>	<b>387,023</b>	<b>410,218</b>
<b>Expenditure By Type</b>											
Employee related costs	2	37,486	51,572	55,959	71,484	92,500	92,500	–	115,577	122,049	128,640
Remuneration of councillors		8,473	8,970	9,668	12,193	11,350	11,350		12,306	12,995	13,697
Debt impairment	3	–	–	–	–	–	–	–	2,000	2,112	2,226
Depreciation & asset impairment	2	13,571	16,694	–	16,338	16,848	16,848	–	18,226	19,247	20,286
Finance charges		–	–	–	–	125	125	–	30	–	–
Bulk purchases	2	39,969	60,064	82,097	99,300	100,500	100,500	–	114,446	120,855	127,382
Other materials	8	14,592	20,121	–	15,193				–	–	–
Contracted services		1,390	2,604	22,565	27,880	26,504	26,504	–	34,700	36,644	38,622
Transfers and grants		–	–	–	–	14,929	14,929	–	16,805	14,323	15,045
Other expenditure	4, 5	50,146	62,164	49,347	35,397	53,279	53,279	–	54,055	58,797	61,886

Description  R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>		165,627	222,189	219,636	277,785	316,036	316,036	–	368,146	387,023	407,784
<b>Surplus/(Deficit)</b>		88,862	22,506	37,283	36,647	2	2	–	60	0	2,434
Transfers recognised - capital		–	–	–	48,605	41,105	41,105	–	33,444	41,840	36,392
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		88,862	22,506	37,283	85,252	41,107	41,107	–	33,504	41,840	38,826
Taxation		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>		88,862	22,506	37,283	85,252	41,107	41,107	–	33,504	41,840	38,826
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>		88,862	22,506	37,283	85,252	41,107	41,107	–	33,504	41,840	38,826
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>		88,862	22,506	37,283	85,252	41,107	41,107	–	33,504	41,840	38,826

## Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R 368.2 million in 2012/13 and escalates to R 409.7 million by 2014/15. This represents a year-on-year increase of 8.5 percent for the 2012/13 financial year and 10.5 percent for the 2014/15 financial year.
2. Revenue to be generated from property rates is R 39.4 million in the 2012/13 financial year and increases to R 43.9 million by 2014/15 which represents 10.7 percent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 10 percent, 5.6 percent and 5.4 percent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 198.6 million for the 2012/13 financial year and increasing to R 221 million by 2014/15. A notable trend is the growth in the total percentage revenue generated from services charges which decreases from 54.6 percent in 2012/13 to 54.3 percent in 2014/15. This can be mainly attributed to the increased cost of bulk electricity due to rapid increases in the Eskom tariffs for bulk electricity and consumers using less electricity due to the cost.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 9.3 and 9.1 percent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. The following graph illustrates the major expenditure items per type.



**Figure 3 Expenditure by major type**

6. Bulk purchases have significantly increased over the 2008/09 to 2014/15 period escalating from R 39.9 million to R 127.3 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from ESKOM.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure - Vote</b>											
<b><u>Multi-year expenditure to be appropriated</u></b>	2										
Vote 1 - Municipal Governance & Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	3,500	6,000	6,000	6,000	-	-	-
Vote 4 - Community & Public Safety		29,589	-	12,500	-	-	-	-	-	-	-
Vote 5 - Economic & Environmental Services		-	2,600	15,400	20,975	21,332	20,975	20,975	25,444	26,840	28,392
Vote 6 - Trading Services		24,380	19,000	11,000	13,773	13,773	13,773	13,773	8,000	15,000	8,000
Vote 7 - Other		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	<b>53,969</b>	<b>21,600</b>	<b>38,900</b>	<b>38,248</b>	<b>41,105</b>	<b>40,748</b>	<b>40,748</b>	<b>33,444</b>	<b>41,840</b>	<b>36,392</b>
<b><u>Single-year expenditure to be appropriated</u></b>	2										
Vote 1 - Municipal Governance & Administration		3	21	10	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		797	192	45	-	-	-	-	600	634	668
Vote 3 - Corporate Services		471	57	65	-	500	500	500	60	-	-
Vote 4 - Community & Public Safety		633	69	348	-	-	-	-	2,435	2,571	2,710
Vote 5 - Economic & Environmental Services		502	53	118	10	-	-	-	240	253	267
Vote 6 - Trading Services		113	33	245	-	-	-	-	425	449	473
Vote 7 - Other		6	-	12	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-

Vote Description  R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>2,525</b>	<b>425</b>	<b>843</b>	<b>10</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>3,760</b>	<b>3,906</b>	<b>4,118</b>
<b>Total Capital Expenditure - Vote</b>		<b>56,494</b>	<b>22,025</b>	<b>39,743</b>	<b>38,258</b>	<b>41,605</b>	<b>41,248</b>	<b>41,248</b>	<b>37,204</b>	<b>45,746</b>	<b>40,510</b>
<b><u>Capital Expenditure - Standard</u></b>											
<b><i>Governance and administration</i></b>		<b>1,271</b>	<b>270</b>	<b>120</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>660</b>	<b>634</b>	<b>668</b>
Executive and council		3	21	10	-	-	-	-	-	-	-
Budget and treasury office		797	192	45	-	-	-	-	600	634	668
Corporate services		471	57	65	-	500	500	500	60	-	-
<b><i>Community and public safety</i></b>		<b>633</b>	<b>69</b>	<b>348</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,435</b>	<b>2,571</b>	<b>2,710</b>
Community and social services		400	69	5	-	-	-	-	1,635	1,727	1,820
Sport and recreation		185	-	300	-	-	-	-	50	53	56
Public safety		48	-	43	-	-	-	-	750	792	835
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b><i>Economic and environmental services</i></b>		<b>502</b>	<b>53</b>	<b>118</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240</b>	<b>253</b>	<b>267</b>
Planning and development		-	-	50	10	-	-	-	100	106	111
Road transport		502	53	58	-	-	-	-	140	148	156
Environmental protection		-	-	10	-	-	-	-	-	-	-
<b><i>Trading services</i></b>		<b>113</b>	<b>33</b>	<b>245</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>425</b>	<b>447</b>	<b>473</b>
Electricity		50	29	40	-	-	-	-	50	53	56
Water		59	-	40	-	-	-	-	100	106	111
Waste water management		4	4	-	-	-	-	-	50	53	56
Waste management		-	-	165	-	-	-	-	225	236	250
<b><i>Other</i></b>		<b>6</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>2,525</b>	<b>425</b>	<b>843</b>	<b>10</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>3,760</b>	<b>3,906</b>	<b>4,118</b>
<b><u>Funded by:</u></b>											
National Government		52,975	21,600	38,940	34,748	34,748	34,748	34,748	33,444	41,840	36,392
Provincial Government					3,500	6,357	6,000	6,000	-		-

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	52,975	21,600	38,940	38,248	41,105	40,748	40,748	33,444	41,840	36,392
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		3,519	425	803	10	500	500	500	3,760	3,906	4,118
<b>Total Capital Funding</b>	<b>7</b>	<b>56,494</b>	<b>22,025</b>	<b>39,743</b>	<b>38,258</b>	<b>41,605</b>	<b>41,248</b>	<b>41,248</b>	<b>37,204</b>	<b>45,746</b>	<b>40,510</b>



**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2012/13 R 33.4 million has been allocated of the total R 37.2 million capital budget, which totals 89.9 percent. This allocation escalates to R 41.8 million in 2013/14 and then flattens out to R 36.3 million in 2014/15 owing primarily to the fact that various projects reach completion in 2012/13 hence the spike in expenditure in year two.
3. Single-year capital expenditure has been appropriated at R 3.7 million for the 2012/13 financial year and remains relatively constant over the MTREF at levels of R 3.9 million and R 4.1 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. For 2012/13, capital transfers totals R33.4 million and escalates to R 36.3 million by 2014/15. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 23 MBRR Table A6 - Budgeted Financial Position**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		3,736	4,003	4,003	4,144	1,989	1,989		2,000	2,100	2,100
Call investment deposits	1	34,767	38,497	38,497	38,497	11,526	11,526	–	74,678	53,500	54,000
Consumer debtors	1	21,775	20,212	33,220	50,500	50,408	43,408	–	41,500	41,388	41,274
Other debtors		8,906	11,335	11,335	1,190	9,158	9,158		9,500	9,700	10,000
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	6,867	5,605	5,605	6,928	7,883	7,883		8,000	8,100	8,150
<b>Total current assets</b>		<b>76,051</b>	<b>79,652</b>	<b>92,660</b>	<b>101,259</b>	<b>80,964</b>	<b>73,964</b>	<b>–</b>	<b>135,678</b>	<b>114,788</b>	<b>115,524</b>
<b>Non current assets</b>											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	38,054	38,054	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	–	–	273,318	273,318	230,650	230,650	–	230,000	230,000	230,000
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		285	119	119	115	74	74		80	82	83
Other non-current assets		–	–	–	–	–	–	–	–	–	–
<b>Total non current assets</b>		<b>285</b>	<b>119</b>	<b>273,437</b>	<b>273,433</b>	<b>268,778</b>	<b>268,778</b>	<b>–</b>	<b>230,080</b>	<b>230,082</b>	<b>230,083</b>
<b>TOTAL ASSETS</b>		<b>76,336</b>	<b>79,771</b>	<b>366,097</b>	<b>374,692</b>	<b>349,742</b>	<b>342,742</b>	<b>–</b>	<b>365,758</b>	<b>344,870</b>	<b>345,606</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	1,856	1,856	1,856	–	–	–	1,856	–	–
Consumer deposits		7,305	7,995	10,993	10,993	11,063	11,063		11,000	11,200	11,500
Trade and other payables	4	36,329	39,512	39,512	39,752	20,316	20,316	–	29,300	20,300	20,500
Provisions		175	594	594	624	20,518	20,518		20,000	20,500	21,000
<b>Total current liabilities</b>		<b>43,809</b>	<b>49,957</b>	<b>52,955</b>	<b>53,225</b>	<b>51,897</b>	<b>51,897</b>	<b>–</b>	<b>62,156</b>	<b>52,000</b>	<b>53,000</b>
<b>Non current liabilities</b>											
Borrowing		–	–	1,856	1,856	1,856	1,856	–	–	–	–

Description  R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Provisions		–	–	–	–	39,718	39,718	–	40,000	40,000	40,000
<b>Total non current liabilities</b>		–	–	1,856	1,856	41,574	41,574	–	40,000	40,000	40,000
<b>TOTAL LIABILITIES</b>		43,809	49,957	54,811	55,081	93,471	93,471	–	102,156	92,000	93,000
<b>NET ASSETS</b>	5	32,527	29,814	311,286	319,611	256,271	249,271	–	263,602	252,870	252,606
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		50,977	(40,173)	5,985	7	248,494	248,494		263,602	252,870	252,606
Reserves	4	–	–	–	–	777	777	–	–	–	–
Minorities' interests		–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	50,977	(40,173)	5,985	7	249,271	249,271	–	263,602	252,870	252,606

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 24 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		221,127	217,482	193,745	202,039	204,005	204,005		279,966	292,419	307,157
Government - operating	1	38,444	50,914	61,829	73,217	73,161	73,161		85,240	91,436	99,722
Government - capital	1	50,130	46,152	38,940	34,832	41,105	41,105		33,444	41,840	36,392
Interest		1,196	780	782	929	3,317	3,317		3,000	3,168	3,339
Dividends		–	–	–	–	–	–	–	–	–	–
<b>Payments</b>											
Suppliers and employees		(170,890)	(289,768)	(234,549)	(321,243)	(307,977)	(307,977)		(351,311)	(372,700)	(392,739)
Finance charges		–	–	(125)	(125)	(125)	(125)		(30)	–	–
Transfers and Grants	1	(87,723)	(8,300)	2,253	(14,280)	(14,929)	(14,929)		(16,805)	(14,323)	(15,045)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>52,284</b>	<b>17,260</b>	<b>62,875</b>	<b>(24,631)</b>	<b>(1,443)</b>	<b>(1,443)</b>	<b>–</b>	<b>33,504</b>	<b>41,840</b>	<b>38,826</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		–	–	–	–	950	950	–	–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
<b>Payments</b>											
Capital assets		(46,765)	(22,026)	–	–	41,105	41,105	–	(33,444)	(41,840)	(36,392)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(46,765)</b>	<b>(22,026)</b>	<b>–</b>	<b>–</b>	<b>42,055</b>	<b>42,055</b>	<b>–</b>	<b>(33,444)</b>	<b>(41,840)</b>	<b>(36,392)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		2,476	1,856	1,856	1,856	–	–	–	–	–	–

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
<b>Payments</b>											
Repayment of borrowing		–	–	–	–	–	–	–	(1,856)	–	–
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		2,476	1,856	1,856	1,856	–	–	–	(1,856)	–	–
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		7,995	(2,910)	64,731	(22,775)	40,612	40,612	–	(1,796)	–	2,434
Cash/cash equivalents at the year begin:	2	39,889	47,884	44,974	–	1,010	1,010	1,010	2,460	664	664
Cash/cash equivalents at the year end:	2	47,884	44,974	109,705	(22,775)	41,622	41,622	1,010	664	664	3,098

**Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description  R thousand	Re f	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	47,884	44,974	109,705	(22,775)	41,622	41,622	1,010	664	664	3,098
Other current investments > 90 days		(9,381)	(2,474)	(67,205)	65,416	(28,107)	(28,107)	(1,010)	76,014	54,936	53,002
Non current assets - Investments	1	-	-	-	-	38,054	38,054	-	-	-	-
<b>Cash and investments available:</b>		<b>38,503</b>	<b>42,500</b>	<b>42,500</b>	<b>42,641</b>	<b>51,569</b>	<b>51,569</b>	<b>-</b>	<b>76,678</b>	<b>55,600</b>	<b>56,100</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		5,054	8,644	8,644	8,644	-	-	-	9,000	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(29,590)	(21,381)	(23,565)	(22,856)	(30,608)	(24,623)	-	(30,700)	(30,788)	(30,774)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(24,536)</b>	<b>(12,737)</b>	<b>(14,921)</b>	<b>(14,212)</b>	<b>(30,608)</b>	<b>(24,623)</b>	<b>-</b>	<b>(21,700)</b>	<b>(30,788)</b>	<b>(30,774)</b>
<b>Surplus(shortfall)</b>		<b>63,039</b>	<b>55,237</b>	<b>57,421</b>	<b>56,853</b>	<b>82,177</b>	<b>76,192</b>	<b>-</b>	<b>98,378</b>	<b>86,388</b>	<b>86,874</b>

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality fell significantly over the 2009/10 to 2010/11 period owing directly to a net decrease in cash for the 2009/10 financial year of R 2.9 million.
4. The approved 2011/12 MTREF provided for a further net decrease in cash of R 22.7 million for the 2011/12 financial year, however during the Adjustment Budget the resulting changed to an overall projected positive cash position of R 40.6 million at year end.
5. As part of the 2011/12 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. The 2012/13 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
7. Cash and cash equivalents totals R 34.1 million as at the end of the 2012/13 financial year and escalates to R 114.8 million by 2014/15.

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2008/09 to 2011/12 the surplus has deteriorated from R 63 million to R 56 million.



6. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
7. As can be seen the budget has been modelled to a surplus of R 82 million in 2012/13 to 2014/15.

**Table 26 MBRR Table A9 - Asset Management**

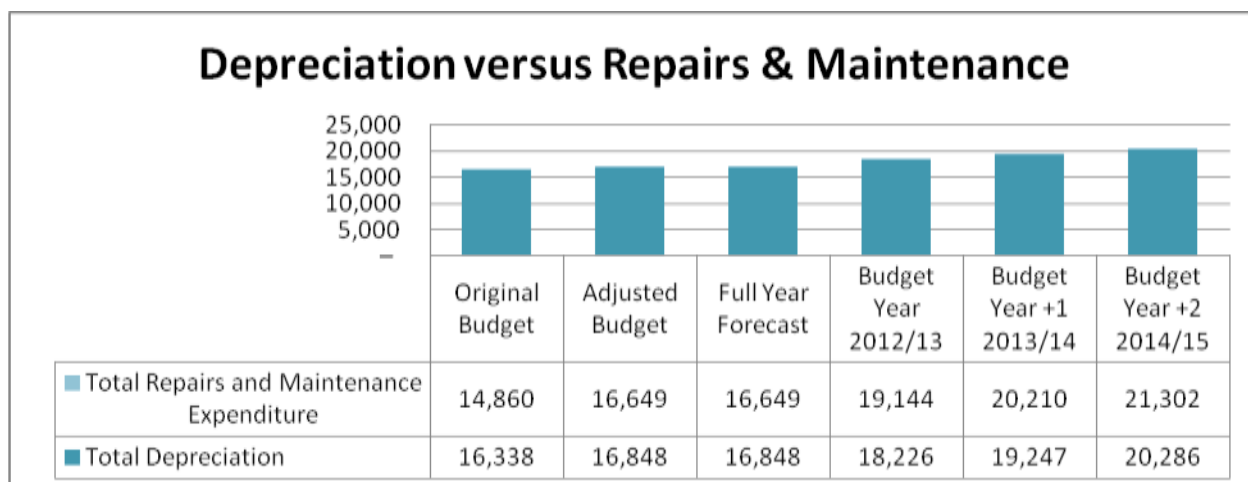
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b><u>Total New Assets</u></b>	1	<b>56,494</b>	<b>22,026</b>	<b>39,743</b>	<b>48,248</b>	<b>40,748</b>	<b>40,748</b>	<b>33,444</b>	<b>41,840</b>	<b>36,392</b>
Infrastructure - Road transport		502	2,653	15,458	20,975	20,975	20,975	25,444	26,840	28,392
Infrastructure - Electricity		3,750	6,629	10,040	13,773	13,773	13,773	8,000	15,000	8,000
Infrastructure - Water		859	-	40	-	-	-	-	-	-
Infrastructure - Sanitation		19,884	12,404	1,000	-	-	-	-	-	-
Infrastructure - Other		-	-	165	-	-	-	-	-	-
Infrastructure		24,995	21,686	26,703	34,748	34,748	34,748	33,444	41,840	36,392
Community		30,037	69	12,548	13,500	6,000	6,000	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1,462	271	492	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b><u>Total Renewal of Existing Assets</u></b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b><u>Total Capital Expenditure</u></b>	4	<b>502</b>	<b>2,653</b>	<b>15,458</b>	<b>20,975</b>	<b>20,975</b>	<b>20,975</b>	<b>25,444</b>	<b>26,840</b>	<b>28,392</b>
Infrastructure - Road transport		502	2,653	15,458	20,975	20,975	20,975	25,444	26,840	28,392
Infrastructure - Electricity		3,750	6,629	10,040	13,773	13,773	13,773	8,000	15,000	8,000

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<i>Infrastructure - Water</i>		859	–	40	–	–	–	–	–	–
<i>Infrastructure - Sanitation</i>		19,884	12,404	1,000	–	–	–	–	–	–
<i>Infrastructure - Other</i>		–	–	165	–	–	–	–	–	–
Infrastructure		24,995	21,686	26,703	34,748	34,748	34,748	33,444	41,840	36,392
Community		30,037	69	12,548	13,500	6,000	6,000	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		1,462	271	492	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>2</b>	<b>56,494</b>	<b>22,026</b>	<b>39,743</b>	<b>48,248</b>	<b>40,748</b>	<b>40,748</b>	<b>33,444</b>	<b>41,840</b>	<b>36,392</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>									
<i>Infrastructure - Road transport</i>		79,806	82,459	82,459	97,917			118,892		
<i>Infrastructure - Electricity</i>		66,126	72,755	72,755	82,755			96,528		
<i>Infrastructure - Water</i>		45,629	45,629	45,629	45,629			45,629		
<i>Infrastructure - Sanitation</i>		69,674	82,078	82,078	82,078			82,078		
<i>Infrastructure - Other</i>		130,203	130,631	130,631	142,131			142,131		
Infrastructure		391,438	413,552	413,552	450,510	–	–	485,258	–	–
Community		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		–	–	–	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		285	119	119	115	74	74	80	82	83
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>391,723</b>	<b>413,671</b>	<b>413,671</b>	<b>450,625</b>	<b>74</b>	<b>74</b>	<b>485,338</b>	<b>82</b>	<b>83</b>
<b>EXPENDITURE OTHER ITEMS</b>										
<u>Depreciation &amp; asset impairment</u>		13,571	16,694	–	16,338	16,848	16,848	18,226	19,247	20,286
<u>Repairs and Maintenance by Asset Class</u>		–	–	–	14,860	16,649	16,649	19,144	20,210	21,302
<i>Infrastructure - Road transport</i>		–	–	–	3,555	4,775	4,775	5,555	5,866	6,183
<i>Infrastructure - Electricity</i>		–	–	–	5,690	4,083	4,083	6,100	6,442	6,789
<i>Infrastructure - Water</i>		–	–	–	2,625	3,557	3,557	3,400	3,590	3,784
<i>Infrastructure - Sanitation</i>		–	–	–	1,000	700	700	2,025	2,138	2,254

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<i>Infrastructure - Other</i>		–	–	–	1,010	10	10	15	16	17
Infrastructure		–	–	–	13,880	13,125	13,125	17,095	18,052	19,027
Community		–	–	–	980	3,206	3,206	1,502	1,586	1,672
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	–	–	–	–	318	318	547	572	603
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>13,571</b>	<b>16,694</b>	<b>–</b>	<b>31,198</b>	<b>33,497</b>	<b>33,497</b>	<b>37,370</b>	<b>39,457</b>	<b>41,588</b>
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&amp;M as a % of PPE</i>		0.0%	0.0%	0.0%	5.4%	7.2%	7.2%	8.3%	8.8%	9.3%
<i>Renewal and R&amp;M as a % of PPE</i>		0.0%	0.0%	0.0%	3.0%	22498.0%	22498.0%	4.0%	24647.0%	25820.0%

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 percent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 percent of PPE. The Municipality is not able to meet both these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.



**Figure 4 Depreciation in relation to repairs and maintenance over the MTREF**

**Table 27 MBRR Table A10 - Basic Service Delivery Measurement**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Household service targets</b>	1									
<b><u>Water:</u></b>										
Piped water inside dwelling		14	14	14	14	14	14	15	15	15
Piped water inside yard (but not in dwelling)		1	2	3	3	3	3	3	3	3
Using public tap (at least min. service level)	2	1	–	–	–	–	–	–	–	–
Other water supply (at least min. service level)	4	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		16	16	17	17	17	17	18	18	18
Using public tap (< min. service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min. service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	5	16	16	17	17	17	17	18	18	18
<b><u>Sanitation/sewerage:</u></b>										
Flush toilet (connected to sewerage)		14	14	14	14			15	15	15
Flush toilet (with septic tank)		1	1	1	1	1	1	1	1	1
Chemical toilet		1	1	1	1	1	1	1	1	1
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min. service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		16	16	16	16	2	2	17	17	17
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min. service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	5	16	16	16	16	2	2	17	17	17
<b><u>Energy:</u></b>										
Electricity (at least min. service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (min. service level)		–	5	6	7	7	7	7	7	7
<i>Minimum Service Level and Above sub-total</i>		–	5	6	7	7	7	7	7	7
Electricity (< min. service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	5	–	5	6	7	7	7	7	7	7

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Refuse:</u></b>										
Removed at least once a week		–	16	16	17	17	17	18	18	19
<i>Minimum Service Level and Above sub-total</i>		–	16	16	17	17	17	18	18	19
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	5	–	16	16	17	17	17	18	18	19
<b><u>Households receiving Free Basic Service</u></b>	7									
Water (6 kilolitres per household per month)		–	3	3	4	4	4	4	4	4
Sanitation (free minimum level service)		–	3	3	4	4	4	4	4	4
Electricity/other energy (50 kwh per household per month)		5	5	6	7	7	7	7	7	7
Refuse (removed at least once a week)		–	–	3	4	4	4	4	4	4
<b><u>Cost of Free Basic Services provided (R'000)</u></b>	8									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service)		1,860	1,023	1,077	1,200	1,383	1,383	1,521	1,606	1,693
Electricity/other energy (50kwh per household per month)		2,733	1,834	4,054	5,100	4,437	4,437	4,677	4,939	5,205
Refuse (removed once a week)		4,302	3,000	1,290	2,500	1,223	1,223	3,500	3,500	3,500
<b>Total cost of FBS provided (minimum social package)</b>		1,876	2,507	3,090	2,900	3,387	3,387	3,500	3,500	3,500
		10,771	8,364	9,511	11,700	10,429	10,429	13,198	13,545	13,898
<b><u>Highest level of free service provided</u></b>										
Property rates (R value threshold)		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
<b><u>Revenue cost of free services provided (R'000)</u></b>	9									
Property rates (R15 000 threshold rebate)		0	2,000	3,000	3,000	3,000	3,000	–	–	–
Property rates (other exemptions, reductions and rebates)										

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Water	6	1,077	1,023	2,598	1,200	–	–	–	–	–
Sanitation		2,733	1,834	2,000	5,100	–	–	–	–	–
Electricity/other energy		211	3,000	4,000	2,500	2,500	2,500	3,500	3,500	3,500
Refuse		1,876	2,507	2,700	2,900	2,900	2,900	3,500	3,500	3,500
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
<b>Total revenue cost of free services provided (total social package)</b>		<b>5,897</b>	<b>10,364</b>	<b>14,298</b>	<b>14,700</b>	<b>8,400</b>	<b>8,400</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>



**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
  - a. Water services – backlog will remain the same in 2012/13 as in 2011/12. These households are largely found in ‘rural areas’ and will need to be moved to formal areas so that they can receive services.
  - b. Sanitation services – backlog will remain the same over the MTREF
  - c. Electricity services – backlogs will be reduced in ESKOM supplied areas
  - d. Refuse services – backlog will be reduced in 2012/13, and in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for all households applying as indigent in 2012/13 to be registered and on approval from EXCO be entitled to receive Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R 8.5 million in 2012/13, increasing to R 11.7 million in 2014/15. This is covered by the municipality’s equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also ‘gives’ households R 1.5 million in free services in 2012/13. This ‘tax expenditure’ needs to be seen within the context of the municipality’s overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the ‘free services’ represent about 2 percent of total operating revenue.

## **Part 2 – Supporting Documentation**

### **1.8 Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of Exco and Mancom of the municipality meeting under the chairpersonship of the Finance Portfolio.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

The above process was followed during the preparation of the budget.

#### **1.8.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2011. Key dates applicable to the process were:

- **5 August 2011:**
- Planning meeting and establishment of Budget Committee including review of IDP and budget policies as per Gazette 32141
- **25 August 2011:**

- **Budget Framework**
- Meeting the HOD's to discuss budget process. Preparation of budget framework to provide parameters and request budget and tariff inputs for 2012/13
- **9 November 2011**
- **Presentation of Departmental and Capital Budgets**
- Departments to present budget requirements to Finance, including tariff proposals. Suggested amendments to Budget related Policies
- **13 March 2012 Draft Budget**
- Submit Draft budget, tariffs, SDBIP's to Exco for recommendation to Council Submit Draft IDP to Exco for recommendation to Council
- **30 March – 14 April 2012** – Public consultation;
- **20 April 2012** - Closing date for written comments;
- **22 May 2012** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council.

- **17 – 21 May 2012** – Public consultations;
- **22 May 2012** – Closing date for written comments; and
- **29 May 2012** – Tabling of the 2012/13 MTREF before Council for consideration and approval.

#### **1.8.2 IDP and Service Delivery and Budget Implementation Plan**

The AbaQulusi Municipality is implementing a new five-year IDP for the period July 2012 to June 2017 to inform and guide the current elected public representatives in their term of office. This document outlines the Municipality's intent in terms of the agreed six strategic focus areas that are required to overcome AbaQulusi challenges, achieve its vision, and give effect to its other strategic considerations

It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2012/13 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

Registration of community needs;

- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2011/12 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2012/13 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **1.8.3 Financial Modelling and Key Planning Drivers**

Full compliance was done by the municipality during the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, ESKOM increases, household debt, migration patterns)
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 and 59 has been taken into consideration in the planning and prioritisation process.

### **1.8.4 Community Consultation**

The draft 2012/13 MTREF as tabled before Council on 27 March 2012 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 17 to 21 May 2012, and included six public briefing sessions. The applicable dates and venues were published in all the local newspapers and an average attendance of 2000 was planned per meeting. There were less briefing sessions held during last year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions, community-based organisations and taxi associations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2012/13 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2012/13 MTREF compared to the draft 2012/13 MTREF that was tabled for community consultation, include:

- The final ESKOM bulk tariff increase, applicable to municipalities from 1 July 2012, was factored into the proposed consumer tariffs, applicable from 1 July 2012. This resulted in an increase of 13,5 percent;

- The 2012 Division of Revenue Act (DORA) grant allocations were finalized and aligned to the gazetted allocations; and

## 1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this cycle is to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 28 IDP Strategic Objectives**

2011/12 Financial Year	2012/13 MTREF
------------------------	---------------

1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

- Low economic growth and unemployment
- Poor access to basic household services
- High levels of poverty
- Low levels of literacy and skills development
- The issue of HIV / AIDS and other diseases
- Exposure to unacceptably high level of crime and risk
- Unsustainable development practices
- Ineffective, inefficient, inward looking local government

## LOCAL PRIORITIES

- To build a functionally efficient and local government structure
- To maintain financial stability and sustainability
- To create an integrated and efficient spatial structure
- To promote equitable access to infrastructure and basic services
- To improve the standard of living for the entire community of AbaQulusi municipality
- To facilitate economic development and growth

1. Provision of quality basic services and infrastructure which includes, amongst others:

- Provide electricity;
- Provide water;
- Provide sanitation;
- Provide waste removal;
- Provide housing;
- Provide roads and storm water;
- Provide municipality planning services; and
- Maintaining the infrastructure of the Municipality.

2. Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the Municipality;
- Ensuring planning processes function in accordance with set timeframes;
- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective municipality cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:



- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

### 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the new IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zone planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Sustainable Services	Electricity		2	73,518	94,326	107,920	144,316	125,939	125,939	146,863	154,892	163,067
	Water			16,798	21,292	25,633	22,324	22,934	22,934	27,134	28,653	30,200
Sanitation		13,711		14,769	15,855	19,739	14,729	14,729	16,203	17,110	18,034	
Waste Management		10,130		12,638	13,518	14,255	14,383	14,383	16,130	16,838	17,558	
Infrastructure	Roads											
Transport		136		128	1,974	21,502	1,986	1,986	3,006	2,118	2,233	
Cemeteries		274		238	224	270	213	213	219	232	244	
Housing		–		2,816	–	30	30	30	–	–	–	
Community		391		1,003	1,446	3,738	3,441	3,441	1,855	3,248	3,425	
Good Governance	Support Services & Fleet			328	354	359	3,567	309	309	750	264	778
Integrated Planning		85		304	195	10,212	181	181	299	316	333	
Financial Management		133,112		88,378	82,669	114,172	122,208	122,208	143,963	150,456	159,400	
Executive & Council		2,455		3,234	3,178	3,647	3,697	3,697	6,159	6,962	8,697	
Safety & Security	Public Safety			3,552	5,215	3,947	5,264	5,920	5,920	5,503	5,811	6,125
Social Development	Culture & Sport			–	–	–	–	71	71	122	124	125
Allocations to other priorities			1									
Total Revenue (excluding capital transfers and contributions)				254,490	244,695	256,918	363,036	316,039	316,039	368,207	387,023	410,218



**Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Sustainable Services	Electricity		1	62,031	80,143	98,935	140,993	123,215	123,215	145,443	153,392	161,486
	Water			14,832	17,456	15,493	20,855	21,855	21,855	24,683	26,065	27,473
	Waste Water Management			10,715	16,615	15,416	21,172	21,386	21,386	22,067	23,302	24,561
	Waste Management			10,139	11,196	12,834	14,038	12,400	12,400	14,639	15,263	15,898
	Health			551	429	490	529	475	475	785	829	874
	Community			5,004	5,348	5,987	7,116	13,066	13,066	15,138	15,985	16,849
Infrastructure	Roads Transport			14,537	24,767	15,314	45,799	25,225	25,225	31,792	32,517	34,272
	Cemeteries			1,583	1,186	1,768	2,054	1,370	1,370	4,426	4,674	4,926
	Housing			668	3,624	827	921	872	872	1,468	1,550	1,633
Good Governance	Integrated Planning			1,475	10,796	5,019	15,459	3,877	3,877	5,225	5,806	6,120
	Financial Management			105,755	16,070	21,238	21,861	19,566	19,566	23,658	24,949	26,039
	Supoprt Services & Fleet			6,620	13,684	11,663	17,592	15,183	15,183	24,947	25,749	27,639
	Executive & Council			13,354	34,483	24,419	28,551	38,743	38,743	36,450	38,546	40,629
Social Development	Culture & Sport			10,227	–	8,815	9,646	3,685	3,685	3,899	4,112	4,328
Safety & Security	Public Safety			10,613	10,655	12,501	16,416	15,118	15,118	13,527	14,284	15,056
Allocations to other priorities												
Total Expenditure				268,104	246,452	250,719	363,002	316,036	316,036	368,146	387,023	407,784

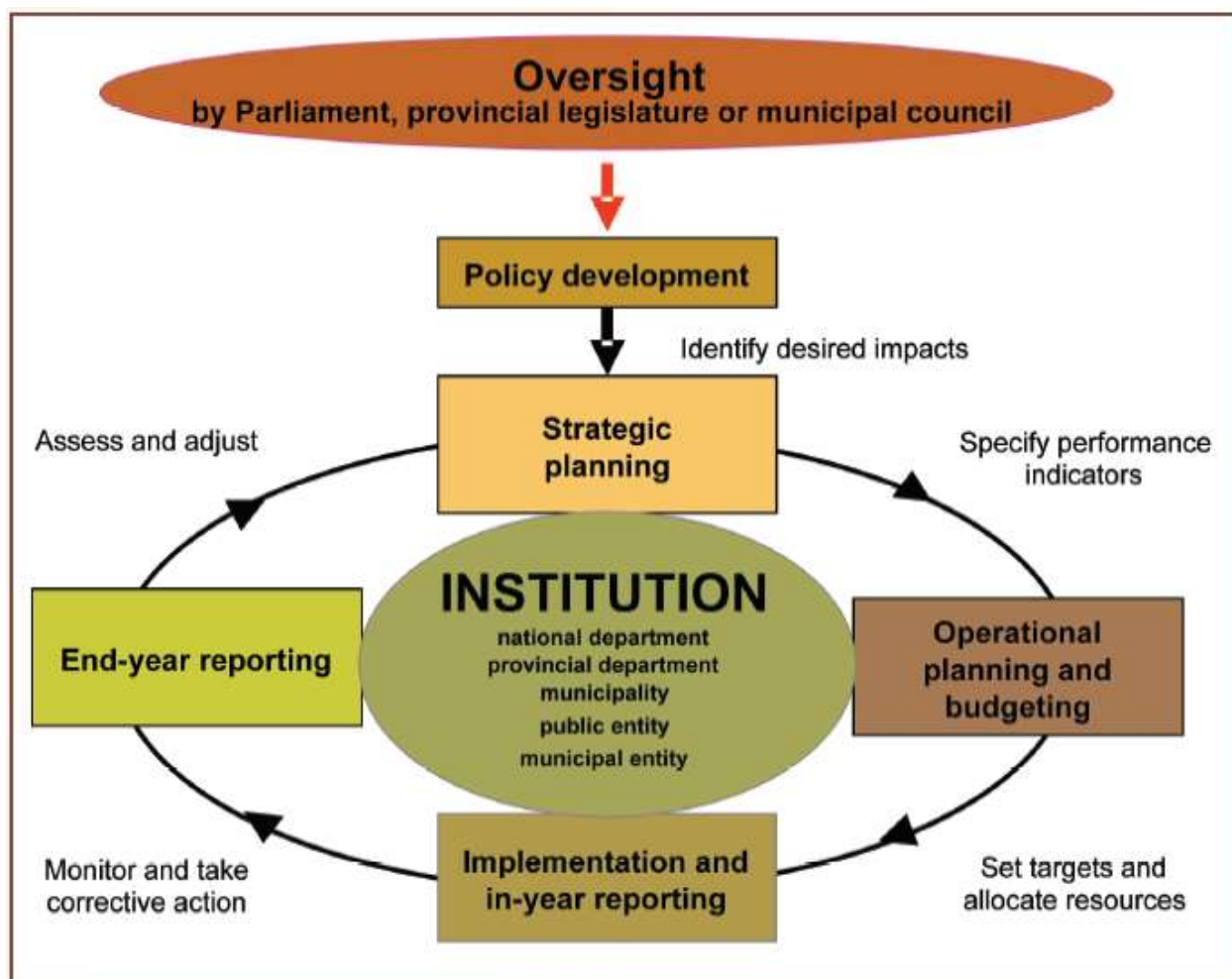
**Table 31 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure****KZN263 Abaqulusi - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)**

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand												
Sustainable Services	Electricity	A		3,750	6,629	10,040	13,773	13,773	13,773	8,050	15,053	8,056
	Water	B		859	–	40	–	–	–	100	106	111
	Waste Water	C		19,884	12,404	1,000	–	–	–	50	53	56
	Waste	D		–	–	165	–	–	–	225	238	250
	Community	E		29,995	69	12,517	–	–	–	1,635	1,726	1,820
Infrastructure	Roads	F		502	2,653	15,468	20,975	21,332	20,975	25,584	26,987	28,548
Good Governance	Integrated Planning	G		–	–	50	10	–	–	100	106	111
	Human Resources Management	H		471	57	65	3,500	6,500	6,500	60	–	–
	Executive & Council	I		3	21	10	–	–	–	–	–	–
	Financial Management	J		797	192	45	–	–	–	600	634	668
Social Development	Culture & Sport	K		185	–	300	–	–	–	50	53	56
Safety & Security	Public Safety	L		48	–	43	–	–	–	750	792	835
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	56,494	22,025	39,743	38,258	41,605	41,248	37,204	45,746	40,510

## 1.10 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



### Figure 5 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



### Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 32 MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Roads and Stormwater</b>										
Function - Roads										
Sub-function - Eradication of Backlogs										
Reduce road backlogs	Kilometer									
Sub-function - Roads Maintained										
Surfaced roads resurfaced/rehabilitated	Kilometer									
Sub-function 3 - Roads for Growth										
New roads to be constructed	Kilometer									
Function - Stormwater										
Sub-function - Reduction of Backlog										
Stormwater drainage to reduce backlogs	Kilometer									
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
<b>Water and Sanitation</b>										
Function - Water										
Sub-function - Eradication of Backlogs										
Households provided with a water connection	Number									
New bulk water pipelines	Meters									
Sub-function - Maintenance of water infrastructure										
Upgrade & replace of bulk water pipelines	Meters									
Upgrade & replace of internal water pipelines	Meters									
Sub-function -										



Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Function - Sanitation</b>										
<b>Sub-function - Eradication of Sanitation Backlogs</b>										
<i>Households provided with a sanitation connection</i>	Number									
New bulk sewer pipelines	Meters									
<b>Sub-function - Maintenance of sanitation infrastructure</b>										
<i>Upgrade &amp; replace of bulk sewer pipelines</i>	Meters									
<i>Upgrade &amp; replace of internal sewer pipelines</i>	Meters									
<b>Sub-function 3 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Energy &amp; Electricity</b>										
<b>Function - Electricity</b>										
<b>Sub-function - Provide higher levels of electricity</b>										
<i>Houses electrified to eradicate backlogs</i>	Households									
<b>Sub-function - New connections</b>										
<i>Completed &amp; occupied houses electrified to cater for growth</i>	Households									
<b>Sub-function - Access to alternative energy sources</b>										
<i>Areas provided with access to alternative energy sources</i>	Households									
<b>Function 2 - (name)</b>										
<b>Sub-function - Provide public lighting</b>										
<i>New street lights as per ward</i>	Wards									
<b>Sub-function - Provide public lighting</b>										
<i>High mast lights per ward</i>	Wards									
<b>Sub-function - Maintain electricity infrastructure</b>										
<i>Electricity repairs and maintenance</i>	% repaired									

Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

**Table 33 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.7%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	70.4%	436.7%	231.1%	18560.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	238.9%	238.9%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.7	1.6	1.7	1.9	1.6	1.4	–	2.2	2.2	2.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.7	1.6	1.7	1.9	1.6	1.4	–	2.2	2.2	2.2
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	0.9	0.8	0.8	0.3	0.3	–	1.2	1.1	1.1
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		163.4%	133.8%	99.6%	85.0%	85.5%	85.5%	0.0%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other			163.4%	133.8%	99.6%	85.0%	85.5%	85.5%	0.0%	100.0%	100.0%

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
revenue)											
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.1%	12.9%	17.3%	16.4%	18.8%	16.6%	0.0%	13.9%	13.2%	12.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		42.9%	46.3%	19.0%	-92.5%	48.8%	48.8%	0.0%	3057.2%	3057.2%	661.7%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated			20.9%	10.0%	20.0%	21.6%	21.6%	10.0%	10.0%	10.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source			66.5%	50.0%	60.0%	60.6%	60.6%	45.0%	40.0%	30.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	14.7%	21.1%	21.8%	22.7%	29.3%	29.3%	0.0%	31.4%	31.5%	31.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	25.7%	31.5%	0.0%	30.4%	31.3%	31.3%		34.7%	34.9%	34.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	4.7%	5.3%	5.3%		5.2%	5.2%	5.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.3%	6.8%	0.0%	5.2%	5.4%	5.4%	0.0%	5.0%	5.0%	4.9%
<b>IDP regulation financial viability indicators</b>											

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	173.9	212.5	210.0	72.7	72.7	72.7	–	89.3	88.5	93.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services (Available cash + Investments)/monthly fixed operational expenditure	23.9%	20.4%	25.8%	24.7%	28.8%	25.4%	0.0%	21.3%	20.2%	19.3%
iii. Cost coverage		5.1	3.5	6.9	(1.2)	2.0	2.0	–	0.0	0.0	0.1

### 1.10.1 Performance indicators and benchmarks

#### 1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, AbaQulusi Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is 0% and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has remained steady from 0 percent in 2007/08 to 2011/12. It is estimated that the cost of borrowing as a percentage of the operating expenditure will reach 0.5 percent in 2012/13 and will then decrease to 0 percent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 0 percent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

#### 1.10.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. As part of the planning guidelines that informed the compilation of the 2012/13 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective, hence the ratio remains at 0%.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. The ratio remains at 0%.

#### 1.10.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should

this ratio be less than 1. For the 2012/13 MTREF the current ratio is 1.4 in the 2012/13 financial year and remains at 1.4 for the two outer years of the MTREF. Going forward the municipality will have to maintain the ratio above 1.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2011/12 financial year the ratio was 0.3 and as part of the financial planning strategy it has been increased to 0.3 in the 2012/13 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

#### 1.10.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

#### 1.10.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 percent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### 1.10.1.6 Other Indicators

- The electricity distribution losses remain constant at 10 percent in the 2011/12 financial year to 10 percent over the MTREF. The initiatives to ensure these targets are controlled and lowered during the 2012/13 financial year include managing illegal connections and theft of electricity by auditing all systems, including prepaid meters.
- The water distribution losses continue to decrease from 66.5 percent in 2010/11 to 50 percent in 2011/12. The municipality will have to introduce a water leakage report and action centre. Also areas currently not metered will have to have meters installed to ensure residents pay for water consumed. It is planned to further reduce distribution losses from 60 percent in 2011/12 to 30 percent by 2014/15.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

#### **1.10.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services and all indigents must apply annually and these applications will be scrutinized to ensure they are genuine.

For the 2012/13 financial year registered indigents have been provided for in the budget with this figured increasing by 2014/15. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, 6 kl sanitation and free waste removal equivalent to 85¢ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 A10 (Basic Service Delivery Measurement) on page 38.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

#### **1.10.3 Providing clean water and managing waste water**

The Municipality is in the process of applying to the Department of Water Affairs to become the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The water is generated from the Municipality's own water sources, such as boreholes and small dams.

The waste water plants will require renewals/upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2012/13 medium term capital budget.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that need to be undertaken to address these challenges:

- Infrastructure shortcomings will be addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Section will embark on an in-house training programme, especially for operational personnel;
- The section is working in consultation with the Department of Water Affairs to address catchment management.



## **1.11 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **1.11.1 Review of credit control and debt collection procedures/policies**

The policy adopted last year is credible, sustainable, manageable and informed by affordability and value for money. During the 2012/13 financial year there will be a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, an Integrated Indigent Exit Programme will have to be developed to link the registered indigent households to development, skills and job opportunities. The programme will further seek to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2012/13 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 92 percent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

### **1.11.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. An Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy will prescribe the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### **1.11.3 Budget Adjustment Policy**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals,

the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

#### **1.11.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

#### **1.11.5 Budget and Virements Policy**

The Budget and Virements Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virements Policy was approved by Council in May 2011 in respect of both Operating and Capital Budget Fund Transfers.

#### **1.11.6 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy were approved by Council in **January 2011**. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and a cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

#### **1.11.7 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

#### **1.11.8 Financial Modelling and Scenario Planning Policy**

The Financial Modelling and Scenario Planning Policy will be compiled during the 2012/13 MTREF with the emphasis on affordability and long-term sustainability. The policy will dictate the approach to longer term financial modelling. The outcomes will then be filtered into the budget process. The model and scenario planning outcomes will be taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy will be the emphasis on financial sustainability. Amongst others, the following will be modelled as part of the financial modelling and scenario planning process:

- Approved 2011/12 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;

- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above existing policies are available on the Municipality's website, and all new policies will be placed on the website once adopted by Council. These include the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

## **1.12 Overview of budget assumptions**

### **1.12.1 External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### **1.12.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration. Employee related costs comprise 31.5 percent of total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

### **1.12.3 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions.

### **1.12.4 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (92 percent) of annual billings. Cash flow is assumed to be 92 percent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

#### **1.12.5 Growth or decline in tax base of the municipality**

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **1.12.6 Salary increases**

The collective agreement regarding salaries/wages came to an end on the 30<sup>th</sup> of June 2012 and National Treasury advised in MFMA Circular 58 to budget for an increase of 5 percent.

#### **1.12.7 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### 1.12.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 percent is achieved on operating expenditure and 98 percent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

## 1.13 Overview of budget funding

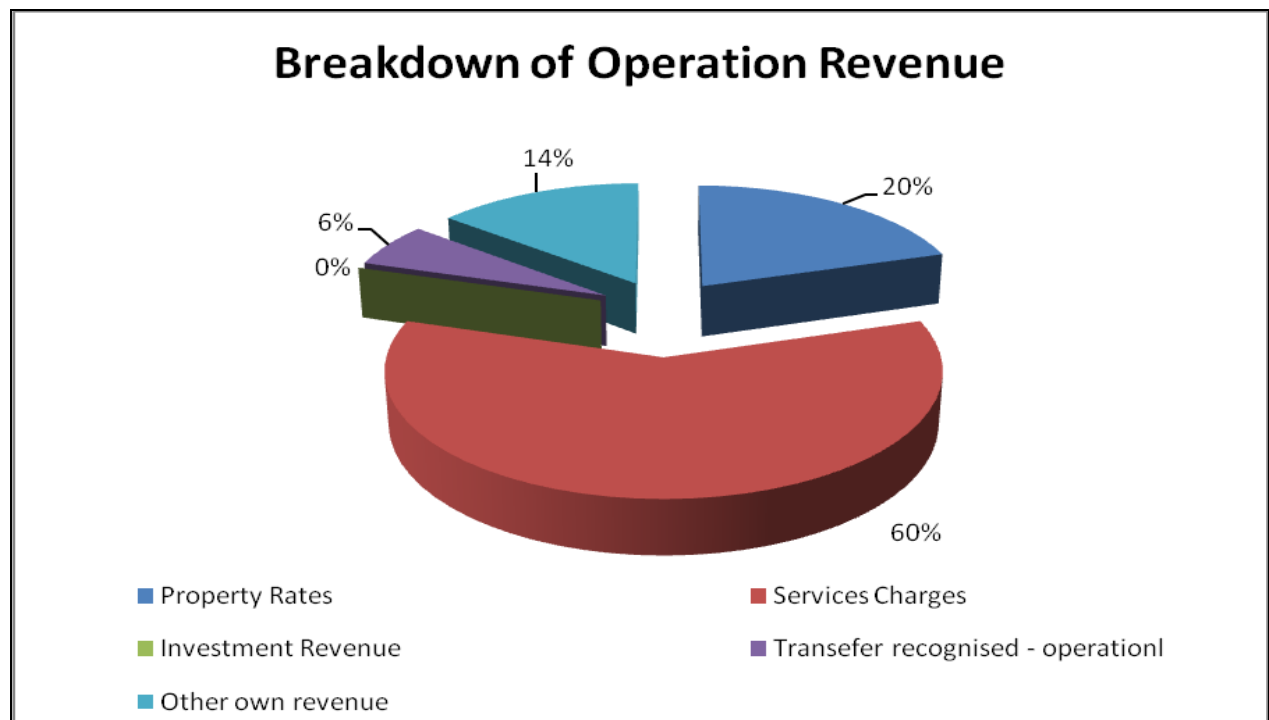
### 1.13.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

**Table 34 Breakdown of the operating revenue over the medium-term**

Description R thousands	2011/12 Medium Term Revenue & Expenditure Framework					
	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
Property rates	3,088,356	20%	3,440,147	20%	3,835,764	20%
Service charges	8,492,829	56%	9,866,101	58%	11,466,027	59%
Investment revenue	120,080	1%	64,139	0%	71,375	0%
Transfers recognised - operational	1,001,918	7%	1,118,355	7%	1,217,891	6%
Other own revenue	2,435,435	16%	2,608,992	15%	2,775,223	14%
<b>Total Operating Revenue (excluding capital transfers and contributions)</b>	<b>15,138,618</b>	<b>100%</b>	<b>17,097,734</b>	<b>100%</b>	<b>19,366,281</b>	<b>100%</b>
<b>Total Operating Expenditure</b>	<b>14,679,924</b>		<b>16,538,558</b>		<b>18,813,187</b>	
<b>Surplus/(Deficit)</b>	<b>458,694</b>		<b>559,176</b>		<b>553,095</b>	

The following graph is a breakdown of the operational revenue per main category for the 2012/13 financial year.



### Figure 7 Breakdown of operating revenue over the 2012/13 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 92 percent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2012/13 MTREF on the different revenue categories are:

**Table 35 Proposed tariff increases over the medium-term**

Revenue category	2012/13 proposed tariff increase	2012/13 proposed tariff increase	2013/14 proposed tariff increase	2011/11 additional revenue for each 1% tariff increase	2012/13 additional revenue owing to % tariff increases	2012/13 Total Budgeted revenue
	%	%	%	R'000	R'000	R'000
Property rates	10	9	9	27 472	274 720	3 088 356
Sanitation	11	10	9	3 536	38 901	392 543
Solid Waste	9	13	14	3 944	35 495	447 780
Water	10	10	10	14 443	144 430	1 618 400
Electricity	22	15	14	50 504	959 581	6 010 000
<b>Total</b>				<b>99 899</b>	<b>1 453 127</b>	<b>11 557 079</b>

Revenue to be generated from property rates is R 39.4 million in the 2012/13 financial year and increases to R 43.9 million by 2014/15 which represents 19.9 percent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. As the levying of property rates is considered strategic revenue source further supplementary valuation processes will be undertaken during the 2012/13 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 8.4 million for the 2012/13 financial year and increasing to R 11.5 million by 2014/15. For the 2012/13 financial

year services charges amount to 56 percent of the total revenue base and grows by 1 percent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R 85.2 million, R 91.4 million and R 99.7 million for each of the respective financial years of the MTREF, or 8.5, 9.3 and 9.1 percent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R 42 million for the respective three financial years of the 2012/13 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

**Table 36 MBRR SA15 – Detail Investment Information**

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank			34,767	38,497	38,497	49,580	49,580	74,678	53,500	54,000
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	1	-	34,767	38,497	38,497	49,580	49,580	74,678	53,500	54,000
<b>Entities</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
<b>Entities sub-total</b>		-	-	-	-	-	-	-	-	-
<b>Consolidated total:</b>		-	34,767	38,497	38,497	49,580	49,580	74,678	53,500	54,000

**Table 37 MBRR SA16 – Investment particulars by maturity**

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission on Recipient	Expiry date of investment	Monetary value	Interest to be realised
		Yrs/Months								Rand thousand	
<b>Parent municipality</b>											
ABSA (Notice Deposit)			60 Day Notice							900	
ABSA (Guarantee ESKOM)			Spiral Plan							1,490	
ABSA (Call)			Account Call							2	
ABSA (Call)			Account Call							15,771	
ABSA (Call)			Account Call							681	
ABSA (Call)			Account Call							2,006	
SIMS			Account							28,502	
FIRST NATIONAL			Call							5,000	
INVESTEC BANK			Account							5,101	
STANDARD BANK			Call							5,051	



Investments by Maturity	R ef	Period of Investm ent	Type of Investmen t	Capital Guaran tee (Yes/ No)	Varia ble or Fixed intere st rate	Interest Rate 3.	Commi ssion Paid (Rands)	Commissi on Recipient	Expiry date of invest ment	Monetary value	Interest to be realised
Name of institution & investment ID		Yrs/Mon ths								Rand thousand	
INVESTEC BANK	1		Account Call Account							5,100	
INVESTEC BANK										5,075	
Municipality sub-total										74,678	-
Entities											
Entities sub-total										-	-
TOTAL INVESTMENTS AND INTEREST	1									74,678	-

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R 56.369 and then R 12.000 and R 2.4 million in each of the financial years. The municipality will seriously have to relook at the tariffs especially for electricity in the 2012/13 financial year as the ESKOM increases of the past two years which have been significantly more than the percentage the municipality was allowed to increase the tariffs is having a negative impact on the cash flow.

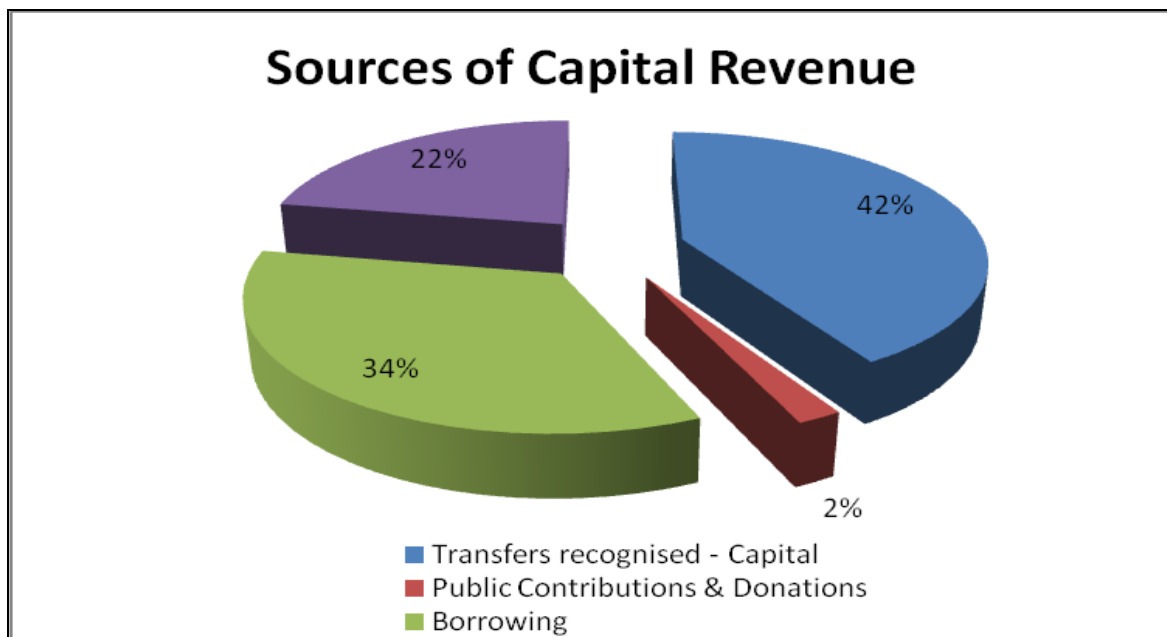
#### 1.13.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2012/13 medium-term capital programme:

**Table 38 Sources of capital revenue over the MTREF**

Vote Description	2011/12 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
<b>Funded by:</b>								
National Government	911,827		991,551		1,063,822		1,149,896	
Provincial Government	49,377		49,500		51,200		52,000	
<b>Transfers recognised - capital</b>	<b>961,204</b>	<b>36%</b>	<b>1,041,051</b>	<b>40%</b>	<b>1,115,022</b>	<b>36%</b>	<b>1,201,896</b>	<b>41%</b>
Public contributions & donations	27,751	1%	56,261	2%	49,741	2%	68,369	2%
Borrowing	1,051,000	39%	1,000,000	38%	1,000,000	32%	1,000,000	34%
Internally generated funds	636,978	24%	517,137	20%	971,351	31%	647,860	22%
<b>Total Capital Funding</b>	<b>2,676,933</b>	<b>100%</b>	<b>2,614,449</b>	<b>100%</b>	<b>3,136,114</b>	<b>100%</b>	<b>2,918,125</b>	<b>100%</b>

The above table is graphically represented as follows for the 2012/13 financial year.



**Figure 8 Sources of capital revenue for the 2012/13 financial year**

Capital grants and receipts represents R 3.7 million from own funding and R 34.9 from grant funding for the 2012/13 financial year and steadily increase to R 40 million 2014/15.

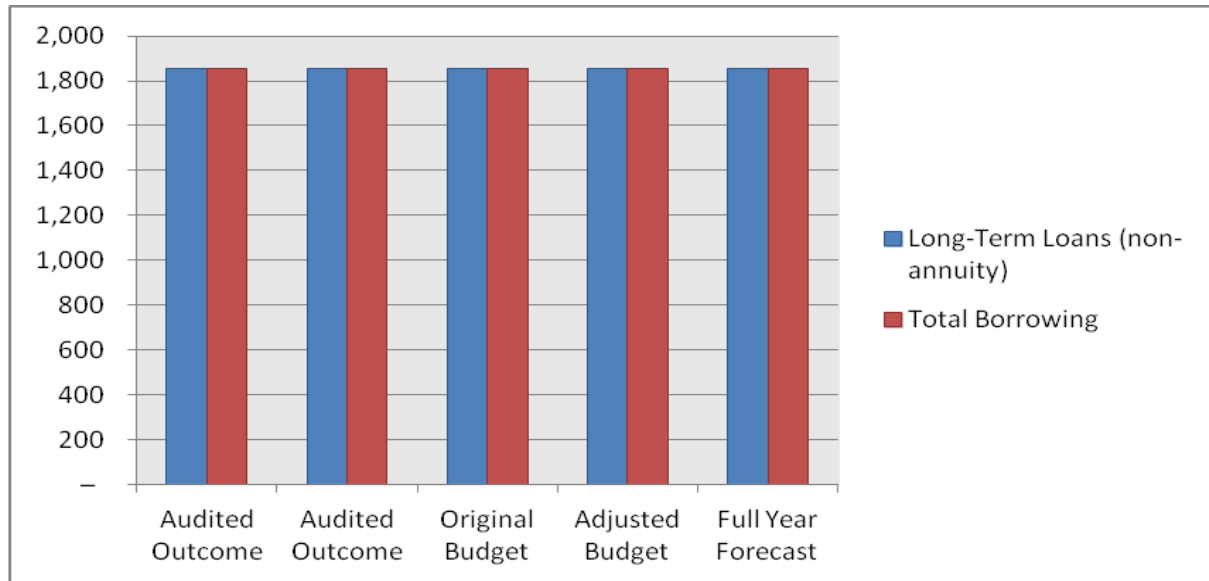
The following table is a detailed analysis of the Municipality's borrowing liability.

**Table 39 MBRR Table SA 17 - Detail of borrowings**

Borrowing - Categorized by type  R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)			1,856	1,856	1,856	1,856	1,856	-	-	-
Long-Term Loans (non-annuity)										
Local registered stock										
Installment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	-	1,856	1,856	1,856	1,856	1,856	-	-	-
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										

Borrowing - Categorized by type  R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Local registered stock										
Installment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	-	1,856	1,856	1,856	1,856	1,856	-	-	-

The following graph illustrates the growth in outstanding borrowing for the 2008/09 to 2014/15 period.



**Figure 9 Growth in outstanding borrowing (long-term liabilities)**

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.

**Table 40 MBRR Table SA 18 - Capital transfers and grant receipts**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		29,720	21,670	27,440	34,748	34,748	34,748	33,444	41,840	36,392
Municipal Infrastructure Grant (MIG)		12,329	15,041	17,440	20,975	20,975	20,975	25,444	26,840	28,392
Integrated National Electrification Programme Grant		17,391	6,629	10,000	13,773	13,773	13,773	8,000	15,000	8,000
<b>Provincial Government:</b>		-	-	-	3,500	6,000	6,000	-	-	-
Thusong Centre		-	-	-	3,500	6,000	6,000	-	-	-
CRU Programme		-	-	-	10,000	-	-	-	-	-
Expanded Public Works Programme		-	-	-	357	357	357	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	29,720	21,670	27,440	38,248	40,748	40,748	33,444	41,840	36,392
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		68,056	68,320	91,056	110,252	105,589	105,589	118,684	133,276	136,114

### 1.13.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 41 MBRR Table A7 - Budget cash flow statement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		221,127	217,482	193,745	202,039	204,005	204,005		279,966	292,419	307,157
Government - operating	1	38,444	50,914	61,829	73,217	73,161	73,161		85,240	91,436	99,722
Government - capital	1	50,130	46,152	38,940	34,832	41,105	41,105		33,444	41,840	36,392
Interest		1,196	780	782	929	3,317	3,317		3,000	3,168	3,339
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(170,890)	(289,768)	(234,549)	(321,243)	(307,977)	(307,977)		(351,311)	(372,700)	(392,739)
Finance charges		-	-	(125)	(125)	(125)	(125)		(30)	-	-
Transfers and Grants	1	(87,723)	(8,300)	2,253	(14,280)	(14,929)	(14,929)		(16,805)	(14,323)	(15,045)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>52,284</b>	<b>17,260</b>	<b>62,875</b>	<b>(24,631)</b>	<b>(1,443)</b>	<b>(1,443)</b>	<b>-</b>	<b>33,504</b>	<b>1,840</b>	<b>38,826</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	950	950	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(46,765)	(22,026)	-	-	41,105	41,105	-	(33,444)	(41,840)	(36,392)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(46,765)</b>	<b>(22,026)</b>	<b>-</b>	<b>-</b>	<b>42,055</b>	<b>42,055</b>	<b>-</b>	<b>(33,444)</b>	<b>(41,840)</b>	<b>(36,392)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		2,476	1,856	1,856	1,856	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		-	-	-	-	-	-	-	(1,856)	-	-

<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>2,476</b>	<b>1,856</b>	<b>1,856</b>	<b>1,856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,856)</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>7,995</b>	<b>(2,910)</b>	<b>64,731</b>	<b>(22,775)</b>	<b>40,612</b>	<b>40,612</b>	<b>-</b>	<b>(1,796)</b>	<b>-</b>	<b>2,434</b>
Cash/cash equivalents at the year begin:	2	<b>39,889</b>	<b>47,884</b>	<b>44,974</b>	<b>-</b>	<b>1,010</b>	<b>1,010</b>	<b>1,010</b>	<b>2,460</b>	<b>664</b>	<b>664</b>
Cash/cash equivalents at the year end:	2	<b>47,884</b>	<b>44,974</b>	<b>109,705</b>	<b>(22,775)</b>	<b>41,622</b>	<b>41,622</b>	<b>1,010</b>	<b>664</b>	<b>664</b>	<b>3,098</b>

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2008/09 and 2011/12 financial year moving from a positive cash balance of R47.8 million to a balance of R41.6 million with the approved 2011/12 MTREF. With the 2011/12 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality will have to undertake an extensive debt collection process to boost cash levels in the 2012/13 financial year. These initiatives and interventions will translate into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase by the financial year end. For the 2012/13 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to increase in 2012/13 and steadily increase by 2014/15.

#### **1.13.4 Cash Backed Reserves/Accumulated Surplus Reconciliation**

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.



**Table 42 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

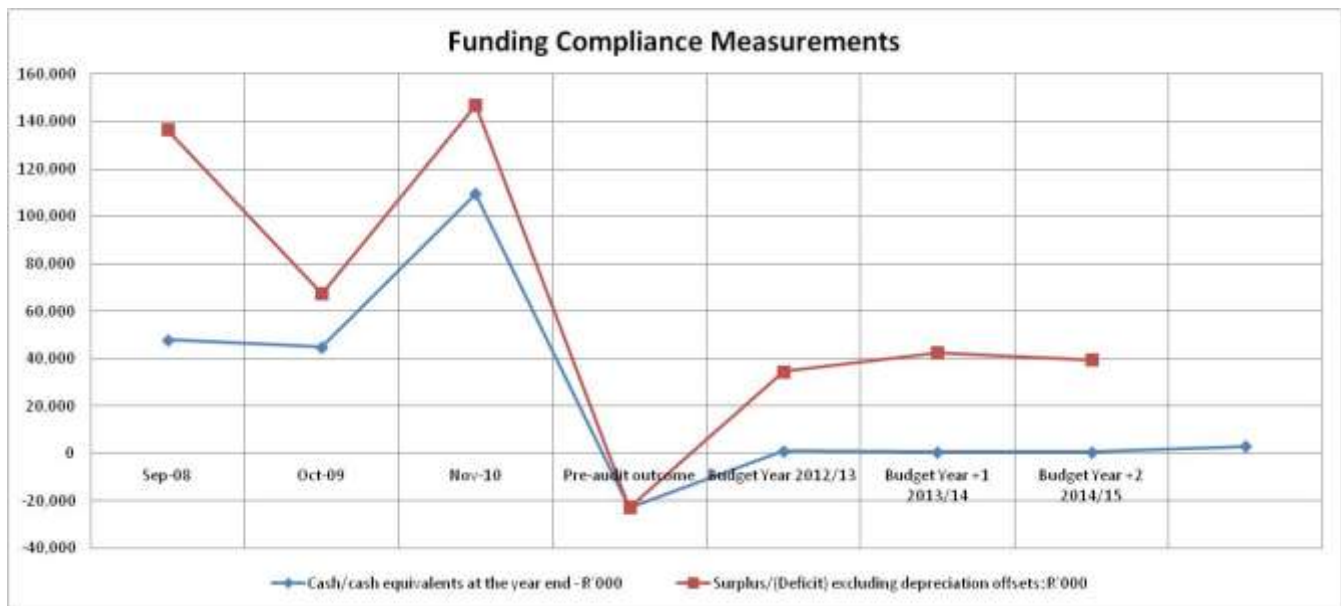
Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
<b><u>Cash and investments available</u></b>											
Cash/cash equivalents at the year end	1	47,884	44,974	109,705	(22,775)	41,622	41,622	1,010	664	664	3,098
Other current investments > 90 days		(9,381)	(2,474)	(67,205)	65,416	(28,107)	(28,107)	(1,010)	76,014	54,936	53,002
Non current assets - Investments	1	-	-	-	-	38,054	38,054	-	-	-	-
<b>Cash and investments available:</b>		<b>38,503</b>	<b>42,500</b>	<b>42,500</b>	<b>42,641</b>	<b>51,569</b>	<b>51,569</b>	<b>-</b>	<b>76,678</b>	<b>55,600</b>	<b>56,100</b>
<b><u>Application of cash and investments</u></b>											
Unspent conditional transfers		5,054	8,644	8,644	8,644	-	-	-	9,000	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(29,590)	(21,381)	(23,565)	(22,856)	(30,608)	(24,623)	-	(30,700)	(30,788)	(30,774)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(24,536)</b>	<b>(12,737)</b>	<b>(14,921)</b>	<b>(14,212)</b>	<b>(30,608)</b>	<b>(24,623)</b>	<b>-</b>	<b>(21,700)</b>	<b>(30,788)</b>	<b>(30,774)</b>
<b>Surplus(shortfall)</b>		<b>63,039</b>	<b>55,237</b>	<b>57,421</b>	<b>56,853</b>	<b>82,177</b>	<b>76,192</b>	<b>-</b>	<b>98,378</b>	<b>86,388</b>	<b>86,874</b>

From the above table it can be seen that the cash and investments available total R56 million in the 2012/13 financial year and progressively increase to R56.1 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2011/12 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2012/13 financial year no provision has been made for this liability as the total unspent conditional grant liability of R 26.3 million has been factored into the 2012/13 capital programme of the Municipality. The Municipality will apply for the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants needs to be motivated as part of existing projects.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The municipality will not have a liability as VAT is normally claimed from SARS.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2011/12 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

The 2012/13 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.



**Figure 10 Cash and cash equivalents / Cash backed reserves and accumulated funds**

#### 1.13.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 43 MBRR SA10 – Funding compliance measurement**

Description	MFMA section	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Funding measures</b>	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	47,884	44,974	109,705	(22,775)	41,622	41,622	1,010	664	664	3,098
Cash + investments at the yr end less applications - R'000	18(1)b	2	63,039	55,237	57,421	56,853	82,177	76,192	-	98,378	86,388	86,874
Cash year end/monthly employee/supplier payments	18(1)b	3	5.1	3.5	6.9	(1.2)	2.0	2.0	-	0.0	0.0	0.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	88,862	22,506	37,283	85,252	41,107	41,107	-	33,504	41,840	38,826
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	14.7%	6.2%	14.9%	(7.3%)	(6.0%)	(106.0%)	9.8%	(0.4%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	163.4%	133.8%	99.6%	85.0%	85.5%	85.5%	0.0%	100.0%	100.0%	100.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.8%	0.8%
Capital payments % of capital expenditure	18(1)c;19	8	82.8%	100.0%	0.0%	0.0%	(98.8%)	(99.7%)	0.0%	89.9%	91.5%	89.8%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	70.4%	436.7%	231.1%	18560.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	2.8%	41.2%	16.0%	15.2%	(11.8%)	(100.0%)	(14.4%)	0.2%	0.4%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	5.4%	7.2%	7.2%	0.0%	8.3%	8.8%	9.3%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

#### *1.13.5.1 Cash/cash equivalent position*

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2012/13 MTREF shows R 34.1 million, R 75.9 million and R 114.8 million for each respective financial year.

#### *1.13.5.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### *1.13.5.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

#### *1.13.5.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2012/13 MTREF the indicative outcome is a surplus of R 59 thousand, R 12 thousand and R 2.4 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *1.13.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any

assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3.3 - 5 percent). The result is intended to be an approximation of the real increase in revenue. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

*1.13.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 88.1, 85.7 and 88.1 percent for each of the respective financial years. Given that the assumed collection rate was based on a 92 percent performance target, the cash flow statement has been conservatively determined. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

*1.13.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 0.8 percent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

*1.13.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

*1.13.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 percent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on 66.

*1.13.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 percent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

*1.13.5.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors' accounts within 30 days.

*1.13.5.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 MBRR SA34C on page 90.

*1.13.5.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 SA34b on page 89.

## 1.14 Expenditure on grants and reconciliations of unspent funds

**Table 45 MBRR SA19 – Expenditure on transfers and grant porogrammes**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>EXPENDITURE:</b>	1									
<b><u>Operating expenditure of Transfers and Grants</u></b>										
<b>National Government:</b>		35,611	45,902	60,015	2,450	63,274	63,274	82,354	87,633	95,218
Local Government Equitable Share		34,376	41,668	55,648		58,177	58,177	79,054	84,983	92,518
Finance Management		500	1,000	1,200	1,450	1,450	1,450	1,500	1,750	1,750
Municipal Systems Improvement		735	1,300	1,000	1,000	1,000	1,000	800	900	950
Local Government Equitable Share			1,934	2,167		2,647	2,647	–	–	–
Expanded Public Works Programme								1,000		
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		–	582	1,814	1,543	1,487	1,487	2,065	2,942	3,602
Health subsidy			582	541						
Museum				73	181	125	125	134	143	151
Operattional Support for Thusong Service Ce								500		500
Community Library Services Grant								197	207	217
Provincialisation of Libraries				1,200	1,362	1,362	1,362	1,234	2,592	2,734
<b>District Municipality:</b>		80	80	80	80	80	80	821	861	902
ZDM Tourism grant		80	80	80	80	80	80	100	100	100
ZDM Grant: Water								721	761	802
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–
								–	–	–
<b>Total operating expenditure of Transfers and Grants:</b>		35,691	46,564	61,909	4,073	64,841	64,841	85,240	91,436	99,722



<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		-	-	27,440	34,748	34,748	34,748	33,444	41,840	36,392
Municipal Infrastructure Grant (MIG)				17,440	20,975	20,975	20,975	25,444	26,840	28,392
Integrated National Electrification Programme Grant				10,000	13,773	13,773	13,773	8,000	15,000	8,000
<b>Provincial Government:</b>		-	-	-	3,500	6,000	6,000	-	-	-
Thusong Centre					3,500	6,000	6,000	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
0										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		-	-	27,440	38,248	40,748	40,748	33,444	41,840	36,392
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		35,691	46,564	89,349	42,321	105,589	105,589	118,684	133,276	136,114

**Table 44 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description  R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year				997	997			-	-	-
Current year receipts				60,015	71,674			82,354	87,633	95,218
<b>Conditions met - transferred to revenue</b>		-	-	61,012	72,671	-	-	82,354	87,633	95,218
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year				991	991			-	-	-
Current year receipts				1,273	1,543			2,065	2,942	3,602
<b>Conditions met - transferred to revenue</b>		-	-	2,264	2,534	-	-	2,065	2,942	3,602
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year				-	-	-	-	-	-	-
Current year receipts					80	80	80	821	861	902
<b>Conditions met - transferred to revenue</b>		-	-	-	80	80	80	821	861	902
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		-	-	63,276	75,285	80	80	85,240	91,436	99,722
<b>Total operating transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts								33,444	41,840	36,392
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	33,444	41,840	36,392
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		-	-	-	-	-	-	33,444	41,840	36,392
<b>Total capital transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		-	-	63,276	75,285	80	80	118,684	133,276	136,114
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	-	-	-	-	-	-	-	-

## 1.15 Councillor and employee benefits

**Table 45 MBRR SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration  R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
-	1	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		6,981	7,597			10,332	10,332	11,886	12,552	13,230
Pension and UIF Contributions						-	-	-	-	-
Medical Aid Contributions		16				-	-	-	-	-
Motor Vehicle Allowance		1,172	1,048			617	617	50	53	56
Cellphone Allowance		303	325			401	401	370	391	412
Housing Allowances						-	-	-	-	-
Other benefits and allowances										
<b>Sub Total - Councillors</b>		<b>8,472</b>	<b>8,970</b>	<b>-</b>	<b>-</b>	<b>11,350</b>	<b>11,350</b>	<b>12,306</b>	<b>12,995</b>	<b>13,697</b>
<b>% increase</b>	4		<b>5.9%</b>	<b>(100.0%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.4%</b>	<b>5.6%</b>	<b>5.4%</b>
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages					4,528	3,550	3,550	3,733	3,942	4,155
Pension and UIF Contributions					-	-	-	-	-	-
Medical Aid Contributions					-	-	-	-	-	-
Overtime					-	-	-	-	-	-
Performance Bonus					682	682	682	674	712	750
Motor Vehicle Allowance	3				771	833	833	1,060	1,119	1,180
Cellphone Allowance	3				120	120	120	120	127	134
Housing Allowances	3				-	-	-	-	-	-
Other benefits and allowances	3				-	-	-	-	-	-
Payments in lieu of leave					-	-	-	-	-	-
Long service awards					-	-	-	-	-	-
Post-retirement benefit obligations	6				-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,100</b>	<b>5,184</b>	<b>5,184</b>	<b>5,587</b>	<b>5,900</b>	<b>6,219</b>
<b>% increase</b>	4		<b>-</b>	<b>-</b>	<b>-</b>	<b>(15.0%)</b>	<b>-</b>	<b>7.8%</b>	<b>5.6%</b>	<b>5.4%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		34,678	42,748		54,578	48,840	48,840	65,639	69,315	73,058
Pension and UIF Contributions		6,241	7,332		11,310	10,176	10,176	14,165	14,959	15,766
Medical Aid Contributions		1,807	2,153		3,090	3,332	3,332	4,382	4,627	4,877
Overtime		5,476	5,807		6,040	8,000	8,000	4,300	4,541	4,786
Performance Bonus		2,847	3,595		4,498	3,744	3,744	5,243	5,537	5,836
Motor Vehicle Allowance	3	3,673	3,955		6,520	5,510	5,510	7,486	7,905	8,332
Cellphone Allowance	3	318	437		492	491	491	580	612	646
Housing Allowances	3	469	285		628	434	434	492	520	548
Other benefits and allowances	3	1,407	1,879		2,411	1,763	1,763	1,859	1,964	2,070
Payments in lieu of leave								2,600	2,746	2,894
Long service awards						26	26	31	32	34
Post-retirement benefit obligations	6							3,212	3,392	3,575
<b>Sub Total - Other Municipal Staff</b>		<b>56,916</b>	<b>68,191</b>	<b>-</b>	<b>89,567</b>	<b>82,315</b>	<b>82,315</b>	<b>109,990</b>	<b>116,149</b>	<b>122,421</b>
<b>% increase</b>	4		<b>19.8%</b>	<b>(100.0%)</b>	<b>-</b>	<b>(8.1%)</b>	<b>-</b>	<b>33.6%</b>	<b>5.6%</b>	<b>5.4%</b>
<b>Total Parent Municipality</b>		<b>65,388</b>	<b>77,161</b>	<b>-</b>	<b>95,667</b>	<b>98,849</b>	<b>98,849</b>	<b>127,883</b>	<b>135,045</b>	<b>142,337</b>
			<b>18.0%</b>	<b>(100.0%)</b>	<b>-</b>	<b>3.3%</b>	<b>-</b>	<b>29.4%</b>	<b>5.6%</b>	<b>5.4%</b>
<b>Total Municipal Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Summary of Employee and Councillor remuneration  R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
TOTAL SALARY, ALLOWANCES & BENEFITS		65,388	77,161	–	95,667	98,849	98,849	127,883	135,045	142,337
% increase	4		18.0%	(100.0%)	–	3.3%	–	29.4%	5.6%	5.4%
TOTAL MANAGERS AND STAFF	5	56,916	68,191	–	95,667	87,499	87,499	115,577	122,049	128,640

**Table 46 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.  Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
<b>Councillors</b>	3							
Speaker	4		514,000		18,840			532,840
Chief Whip			481,875		18,840			500,715
Executive Mayor			642,500		18,840			661,340
Deputy Executive Mayor			514,000		18,840			532,840
Executive Committee			3,373,125		131,880			3,505,005
Total for all other Councillors			6,360,640		212,862			6,573,502
<b>Total Councillors</b>	8	–	11,886,140	–	420,102			12,306,242
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			821,890		210,000	143,070		1,174,960
Chief Finance Officer			536,740		268,000	110,150		914,890
Director - Technical Services			638,890		198,000	114,650		951,540
Director - Corporate Services			650,650		118,000	105,090		873,740
Director - Development Planning			597,160		168,000	104,610		869,770
Director - Community Services			487,830		218,000	96,300		802,130
List of each official with packages >= senior manager								–
								–
<b>Total Senior Managers of the Municipality</b>	8	–	3,733,160	–	1,180,000	673,870		5,587,030
<b>A Heading for Each Entity</b> List each member of board by designation	6,7							
								–
								–
<b>Total for municipal entities</b>	8	–	–	–	–	–		–
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>		–	15,619,300	–	1,600,102	673,870		17,893,272

(Note that National Treasury has deliberately left the above table blank so as not to appear to be setting benchmarks for acceptable remuneration levels for the relevant positions. Municipalities MUST, however, provide the required information as applicable to their municipalities)

**Table 47 MBRR SA24 – Summary of personnel numbers**

Summary of Personnel Numbers		Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>											
Councillors (Political Office Bearers plus Other Councillors)			39	39		44	44		44	11	33
Board Members of municipal entities	4										
<b>Municipal employees</b>											
Municipal Manager and Senior Managers	5										
Other Managers	3		6		6	6		6	6		6
Professionals	7		14	10	4						
Finance			–	–	–	–	–	–	208	203	5
Spatial/town planning			–	–		–	–		66	61	5
Information Technology			–	–		–	–		8	8	–
Roads			–	–		–	–		5	5	–
Electricity			–	–		–	–		4	4	–
Water			–	–		–	–		–	–	
Sanitation			–	–		–	–		–	–	
Refuse			–	–		–	–		–	–	
Other			–	–		–	–		125	125	–
Technicians			272	253	–	298	241	–	142	124	18
Finance			45	40		56	45		–	–	
Spatial/town planning			4	4		7	7		–	–	
Information Technology			3	3		3	4		–	–	
Roads			18	18		21	15		21	15	6
Electricity			38	32		40	33		40	33	7
Water			40	35		40	35		40	35	5
Sanitation			35	35		40	35		40	40	–
Refuse			1	1		1	2		1	1	–
Other			88	85		90	65		–	–	
Clerks (Clerical and administrative)											
Service and sales workers											
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators			19	19		21	15		21	15	6
Elementary Occupations			200	194		240	180		251	250	1

TOTAL PERSONNEL NUMBERS		550	515	10	609	480	6	672	603	69
% increase					10.7%	(6.8%)	(40.0%)	10.3%	25.6%	1,050.0%
Total municipal employees headcount	6									
Finance personnel headcount	8					455				
Human Resources personnel headcount	8									

## 1.16 Monthly targets for revenue, expenditure and cash flow

**Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure**

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>	-															
Property rates		3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	39,453	41,663	43,913
Property rates - penalties & collection charges		72	72	72	72	72	72	72	72	72	72	72	72	859	908	957
Service charges - electricity revenue		11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	143,363	151,392	159,567
Service charges - water revenue		2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	1,540	26,413	27,892	29,398
Service charges - sanitation revenue		1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	16,203	17,110	18,034
Service charges - refuse revenue		1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	12,630	13,338	14,058
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		31	31	31	31	31	31	31	31	31	31	31	32	377	398	420
Interest earned - external investments		50	50	50	50	50	50	50	50	50	50	50	2,450	3,000	3,168	3,339
Interest earned - outstanding debtors		2	2	2	2	2	2	2	2	2	2	2	2	19	20	21
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		142	142	142	142	142	142	142	142	142	142	142	142	1,706	1,801	1,899
Licences and permits		482	482	482	482	482	482	482	482	482	482	482	482	5,780	6,104	6,433
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		26,351	2,300	1,431	134	26,351	500	1,000	821	26,351	-	-	0	85,240	91,436	99,722
Other revenue		135	135	135	135	135	135	135	135	135	135	135	31,678	33,163	31,795	32,459
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>47,163</b>	<b>23,112</b>	<b>22,243</b>	<b>20,946</b>	<b>47,163</b>	<b>21,312</b>	<b>21,812</b>	<b>21,633</b>	<b>47,163</b>	<b>20,812</b>	<b>20,812</b>	<b>54,034</b>	<b>368,206</b>	<b>387,023</b>	<b>410,218</b>
<b>Expenditure By Type</b>	-															
Employee related costs		8,891	8,891	8,891	8,891	17,781	8,891	8,891	8,891	8,891	8,891	8,891	8,886	115,577	122,049	128,640
Remuneration of councillors		1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	12,306	12,995	13,697
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	2,000	2,000	2,112	2,226
Depreciation & asset impairment		1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,528	18,226	19,247	20,286
Finance charges		-	-	30	-	-	-	-	-	-	-	-	-	30	-	-
Bulk purchases		16,000	16,000	7,383	7,383	7,383	7,383	7,383	7,383	7,383	7,383	12,000	11,383	114,446	120,855	127,382

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Other materials		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services		2,892	2,892	2,892	2,892	2,892	2,892	2,892	2,892	2,892	2,892	2,892	2,888	34,700	36,644	38,622
Transfers and grants		1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	2,780	16,805	14,323	15,045
Other expenditure		4,505	4,505	4,505	4,505	4,505	4,505	4,505	4,505	4,505	4,505	4,505	4,500	54,055	58,797	61,886
Loss on disposal of PPE													–	–	–	–
<b>Total Expenditure</b>		<b>36,107</b>	<b>36,107</b>	<b>27,519</b>	<b>27,489</b>	<b>36,379</b>	<b>27,489</b>	<b>27,489</b>	<b>27,489</b>	<b>27,489</b>	<b>27,489</b>	<b>32,107</b>	<b>34,992</b>	<b>368,146</b>	<b>387,023</b>	<b>407,784</b>
<b>Surplus/(Deficit)</b>		<b>11,057</b>	<b>(12,995)</b>	<b>(5,276)</b>	<b>(6,543)</b>	<b>10,784</b>	<b>(6,177)</b>	<b>(5,677)</b>	<b>(5,856)</b>	<b>19,674</b>	<b>(6,677)</b>	<b>(11,295)</b>	<b>19,043</b>	<b>60</b>	<b>0</b>	<b>2,434</b>
Transfers recognised - capital		11,148				11,148				11,148			–	33,444	41,840	36,392
Contributions recognised - capital													–	–	–	–
Contributed assets													–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>22,205</b>	<b>(12,995)</b>	<b>(5,276)</b>	<b>(6,543)</b>	<b>21,932</b>	<b>(6,177)</b>	<b>(5,677)</b>	<b>(5,856)</b>	<b>30,822</b>	<b>(6,677)</b>	<b>(11,295)</b>	<b>19,043</b>	<b>33,504</b>	<b>41,840</b>	<b>38,826</b>
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>22,205</b>	<b>(12,995)</b>	<b>(5,276)</b>	<b>(6,543)</b>	<b>21,932</b>	<b>(6,177)</b>	<b>(5,677)</b>	<b>(5,856)</b>	<b>30,822</b>	<b>(6,677)</b>	<b>(11,295)</b>	<b>19,043</b>	<b>33,504</b>	<b>41,840</b>	<b>38,826</b>



**Table 49 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description  R thousand	Re f	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue by Vote</b>	-															
Vote 1 - Municipal Governance & Administration		5,359	800	-	-	-	-	-	-	-	-	-	-	6,159	6,962	8,697
Vote 2 - Budget & Treasury		25,673	4,941	3,441	3,441	25,673	3,441	3,441	3,441	25,673	3,441	3,441	37,914	143,963	150,456	159,400
Vote 3 - Corporate Services		20	20	20	20	20	20	20	20	20	20	20	530	750	264	778
Vote 4 - Community & Public Safety		633	633	633	633	633	633	633	633	633	633	633	637	7,600	9,315	9,819
Vote 5 - Economic & Environmental Services		192	192	192	192	192	192	192	192	192	192	192	26,633	28,749	29,274	30,957
Vote 6 - Trading Services		17,194	17,194	17,194	17,194	17,194	17,194	17,194	17,194	17,194	17,194	17,194	25,196	214,330	232,493	236,859
Vote 7 - Other		-	-	-	-	-	100	-	-	-	-	-	-	100	100	100
Vote 8 -													-	-	-	-
Vote 9 -													-	-	-	-
Vote 10 -													-	-	-	-
Vote 11 -													-	-	-	-
Vote 12 -													-	-	-	-
Vote 13 -													-	-	-	-
Vote 14 -													-	-	-	-
Vote 15 -													-	-	-	-
<b>Total Revenue by Vote</b>		<b>49,071</b>	<b>23,781</b>	<b>21,481</b>	<b>21,481</b>	<b>43,712</b>	<b>21,581</b>	<b>21,481</b>	<b>21,481</b>	<b>43,712</b>	<b>21,481</b>	<b>21,481</b>	<b>90,910</b>	<b>401,650</b>	<b>428,863</b>	<b>446,610</b>
<b>Expenditure by Vote to be appropriated</b>	-															
Vote 1 - Municipal Governance & Administration		2,803	2,803	2,803	2,803	5,608	2,803	2,803	2,803	2,803	2,803	2,803	2,812	36,450	38,546	40,629
Vote 2 - Budget & Treasury		1,819	1,819	1,819	1,819	3,640	1,819	1,819	1,819	1,819	1,819	1,819	1,828	23,658	24,949	26,039
Vote 3 - Corporate Services		1,881	1,881	1,881	1,881	3,761	1,881	1,881	1,881	1,881	1,881	1,881	2,377	24,948	25,748	27,639
Vote 4 - Community & Public Safety		2,982	2,982	2,982	2,982	5,965	2,982	2,982	2,982	2,982	2,982	2,982	2,987	38,772	40,943	43,154

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Vote 5 - Economic & Environmental Services		2,770	2,770	2,770	2,770	5,541	2,770	2,770	2,770	2,770	2,770	2,770	3,776	37,017	38,323	40,392
Vote 6 - Trading Services		15,910	15,910	15,910	15,910	31,820	15,910	15,910	15,910	15,910	15,910	15,910	15,912	206,832	218,023	229,418
Vote 7 - Other		39	39	39	39	39	39	39	39	39	39	39	39	470	491	512
Vote 8 -													-	-	-	-
Vote 9 -													-	-	-	-
Vote 10 -													-	-	-	-
Vote 11 -													-	-	-	-
Vote 12 -													-	-	-	-
Vote 13 -													-	-	-	-
Vote 14 -													-	-	-	-
Vote 15 -													-	-	-	-
<b>Total Expenditure by Vote</b>		<b>28,204</b>	<b>28,204</b>	<b>28,204</b>	<b>28,204</b>	<b>56,374</b>	<b>28,204</b>	<b>28,204</b>	<b>28,204</b>	<b>28,204</b>	<b>28,204</b>	<b>28,204</b>	<b>29,731</b>	<b>368,146</b>	<b>387,023</b>	<b>407,784</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>20,867</b>	<b>(4,424)</b>	<b>(6,724)</b>	<b>(6,724)</b>	<b>(12,662)</b>	<b>(6,624)</b>	<b>(6,724)</b>	<b>(6,724)</b>	<b>15,508</b>	<b>(6,724)</b>	<b>(6,724)</b>	<b>61,180</b>	<b>33,504</b>	<b>41,840</b>	<b>38,826</b>
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>20,867</b>	<b>(4,424)</b>	<b>(6,724)</b>	<b>(6,724)</b>	<b>(12,662)</b>	<b>(6,624)</b>	<b>(6,724)</b>	<b>(6,724)</b>	<b>15,508</b>	<b>(6,724)</b>	<b>(6,724)</b>	<b>61,180</b>	<b>33,504</b>	<b>41,840</b>	<b>38,826</b>

**Table 50 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue - Standard</b>	-															
<b>Governance and administration</b>		31,039	5,749	3,449	3,615	25,680	3,449	3,449	3,449	25,680	3,449	3,449	38,415	150,872	157,682	168,874
Executive and council		5,359	800	-	-	-	-	-	-	-	-	-	-	6,159	6,962	8,697
Budget and treasury office		25,673	4,941	3,441	3,441	25,673	3,441	3,441	3,441	25,673	3,441	3,441	37,914	143,963	150,456	159,400
Corporate services		7	7	7	174	7	7	7	7	7	7	7	501	750	264	778
<b>Community and public safety</b>		633	633	633	633	633	633	633	633	633	633	633	640	7,600	9,315	9,819
Community and social services		173	173	173	173	173	173	173	173	173	173	173	173	2,074	3,480	3,669
Sport and recreation		2	2	2	2	2	2	2	2	2	2	2	2	22	24	25
Public safety		458	458	458	458	458	458	458	458	458	458	458	465	5,503	5,811	6,125
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		192	192	192	192	192	192	192	192	192	192	192	26,637	28,749	29,274	30,957
Planning and development		25	25	25	25	25	25	25	25	25	25	25	24	299	316	333
Road transport		167	167	167	167	167	167	167	167	167	167	167	26,613	28,450	28,958	30,625
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		17,194	17,194	17,194	17,194	17,194	17,194	17,194	17,194	17,194	17,194	17,194	25,201	214,330	232,493	236,859
Electricity		12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238	12,238	20,245	154,863	169,892	171,067
Water		2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	27,134	28,653	30,200
Waste water management		1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	16,203	17,110	18,034
Waste management		1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	16,130	16,838	17,558
<b>Other</b>		-	-	-	-	-	100	-	-	-	-	-	-	100	100	100
<b>Total Revenue - Standard</b>		49,058	23,767	21,467	21,633	43,699	21,567	21,467	21,467	43,699	21,467	21,467	90,893	401,650	428,863	446,610
			37,003	33,903	34,069	56,134	34,003	33,903	33,903	56,134	33,903	33,903				
<b>Expenditure - Standard</b>	-															
<b>Governance and administration</b>		7,046	7,046	7,046	7,046	7,046	7,046	7,046	7,046	7,046	7,046	7,046	7,549	85,055	89,243	94,307
Executive and council		3,038	3,038	3,038	3,038	3,038	3,038	3,038	3,038	3,038	3,038	3,038	3,032	36,450	38,546	40,629
Budget and treasury office		1,971	1,971	1,971	1,971	1,971	1,971	1,971	1,971	1,971	1,971	1,971	1,977	23,658	24,949	26,039
Corporate services		2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,541	24,948	25,748	27,639
<b>Community and public safety</b>		3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,253	38,772	40,943	43,154
Community and social services		1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,634	19,564	20,659	21,775
Sport and recreation		285	285	285	285	285	285	285	285	285	285	285	294	3,429	3,621	3,816
Public safety		1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,130	13,527	14,284	15,056

Description  R thousand	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Housing		122	122	122	122	122	122	122	122	122	122	122	126	1,468	1,550	
Health		65	65	65	65	65	65	65	65	65	65	65	70	785	829	874
<b>Economic and environmental services</b>		<b>3,001</b>	<b>3,001</b>	<b>3,001</b>	<b>3,001</b>	<b>3,001</b>	<b>3,001</b>	<b>3,001</b>	<b>3,001</b>	<b>3,001</b>	<b>3,001</b>	<b>3,001</b>	<b>4,006</b>	<b>37,017</b>	<b>38,323</b>	<b>40,392</b>
Planning and development		435	435	435	435	435	435	435	435	435	435	435	440	5,225	5,806	6,120
Road transport		2,566	2,566	2,566	2,566	2,566	2,566	2,566	2,566	2,566	2,566	2,566	3,566	31,792	32,517	34,273
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Trading services</b>		<b>29,722</b>	<b>29,722</b>	<b>14,722</b>	<b>14,722</b>	<b>15,122</b>	<b>14,722</b>	<b>14,722</b>	<b>14,722</b>	<b>14,722</b>	<b>14,722</b>	<b>14,722</b>	<b>14,487</b>	<b>206,832</b>	<b>218,023</b>	<b>229,418</b>
Electricity		24,607	24,607	9,607	9,607	10,007	9,607	9,607	9,607	9,607	9,607	9,607	9,363	145,443	153,392	161,486
Water		2,056	2,056	2,056	2,056	2,056	2,056	2,056	2,056	2,056	2,056	2,056	2,067	24,683	26,065	27,473
Waste water management		1,839	1,839	1,839	1,839	1,839	1,839	1,839	1,839	1,839	1,839	1,839	1,838	22,067	23,302	24,561
Waste management		1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,219	14,639	15,263	15,898
<b>Other</b>		<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>40</b>	<b>470</b>	<b>491</b>	<b>512</b>
<b>Total Expenditure - Standard</b>		<b>43,037</b>	<b>43,037</b>	<b>28,037</b>	<b>28,037</b>	<b>28,437</b>	<b>28,037</b>	<b>28,037</b>	<b>28,037</b>	<b>28,037</b>	<b>28,037</b>	<b>28,037</b>	<b>29,334</b>	<b>368,146</b>	<b>387,023</b>	<b>407,784</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>6,020</b>	<b>(19,271)</b>	<b>(6,571)</b>	<b>(6,404)</b>	<b>15,261</b>	<b>(6,471)</b>	<b>(6,571)</b>	<b>(6,571)</b>	<b>15,661</b>	<b>(6,571)</b>	<b>(6,571)</b>	<b>61,559</b>	<b>33,504</b>	<b>41,840</b>	<b>38,826</b>
Share of surplus/ (deficit) of associate													–	–	–	–
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>6,020</b>	<b>(19,271)</b>	<b>(6,571)</b>	<b>(6,404)</b>	<b>15,261</b>	<b>(6,471)</b>	<b>(6,571)</b>	<b>(6,571)</b>	<b>15,661</b>	<b>(6,571)</b>	<b>(6,571)</b>	<b>61,559</b>	<b>33,504</b>	<b>41,840</b>	<b>38,826</b>

**Table 51 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description  R thousand	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Municipal Governance & Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community & Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Economic & Environmental Services		2,204	2,204	2,204	2,204	2,204	2,204	2,204	2,204	2,204	2,204	2,204	1,204	25,444	26,840	28,392
Vote 6 - Trading Services		2,000	2,000	-	-	1,500	1,500	1,000	-	-	-	-	-	8,000	15,000	8,000
Vote 7 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	<b>4,204</b>	<b>4,204</b>	<b>2,204</b>	<b>2,204</b>	<b>3,704</b>	<b>3,704</b>	<b>3,204</b>	<b>2,204</b>	<b>2,204</b>	<b>2,204</b>	<b>2,204</b>	<b>1,204</b>	<b>33,444</b>	<b>41,840</b>	<b>36,392</b>
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Municipal Governance & Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		-	-	-	100	100	100	100	50	50	100	-	-	600	634	668
Vote 3 - Corporate Services		-	-	-	20	-	-	-	40	-	-	-	-	60	-	-
Vote 4 - Community & Public Safety		-	-	-	-	1,000	500	35	500	200	-	-	200	2,435	2,571	2,710
Vote 5 - Economic & Environmental Services		-	-	-	15	40	15	25	100	40	5	-	-	240	253	267
Vote 6 - Trading Services		-	-	-	25	100	150	25	-	-	125	-	-	425	449	473
Vote 7 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>1,240</b>	<b>765</b>	<b>185</b>	<b>690</b>	<b>290</b>	<b>230</b>	<b>-</b>	<b>200</b>	<b>3,760</b>	<b>3,906</b>	<b>4,118</b>
<b>Total Capital Expenditure</b>	2	<b>4,204</b>	<b>4,204</b>	<b>2,204</b>	<b>2,364</b>	<b>4,944</b>	<b>4,469</b>	<b>3,389</b>	<b>2,894</b>	<b>2,494</b>	<b>2,434</b>	<b>2,204</b>	<b>1,404</b>	<b>37,204</b>	<b>45,746</b>	<b>40,510</b>

**Table 52 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

Description  R thousand	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Capital Expenditure - Standard</u></b>	1															
<b><i>Governance and administration</i></b>		-	-	-	120	100	100	100	90	50	100	-	-	660	634	668
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	100	100	100	00	50	50	100	-	-	600	634	668
Corporate services		-	-	-	20	-	-	-	40	-	-	-	-	60	-	-
<b><i>Community and public safety</i></b>		500	-	-	200	800	300	200	400	35	-	-	-	2,435	2,571	2,710
Community and social services		500	-	-	200	-	300	200	400	35	-	-	-	1,635	1,727	1,820
Sport and recreation		-	-	-	-	50	-	-	-	-	-	-	-	50	53	56
Public safety		-	-	-	-	750	-	-	-	-	-	-	-	750	792	835
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b><i>Economic and environmental services</i></b>		-	-	-	15	40	20	25	95	40	5	-	-	240	253	267
Planning and development		-	-	-	-	40	-	10	45	-	5	-	-	100	106	111
Road transport		-	-	-	15	-	20	15	50	40	-	-	-	140	148	156
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b><i>Trading services</i></b>		-	-	-	25	100	150	25	-	-	125	-	-	425	447	473
Electricity		-	-	-	25	-	-	25	-	-	-	-	-	50	53	56
Water		-	-	-	-	100	-	-	-	-	-	-	-	100	106	111
Waste water management		-	-	-	-	-	-	-	-	-	50	-	-	50	53	56
Waste management		-	-	-	-	-	150	-	-	-	75	-	-	225	236	250
<b><i>Other</i></b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	2	500	-	-	360	1,040	570	350	585	125	230	-	-	3,760	3,906	4,118

**Table 53 MBRR SA30 - Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source													1		
Property rates	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	39,453	41,663	43,913
Property rates - penalties & collection charges	72	72	72	72	72	72	72	72	72	72	72	72	859	908	957
Service charges - electricity revenue	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	11,947	143,363	151,392	159,567
Service charges - water revenue	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,201	2,202	26,413	27,892	29,398
Service charges - sanitation revenue	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	16,203	17,110	18,034
Service charges - refuse revenue	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	1,053	12,630	13,338	14,058
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	31	31	31	31	31	31	31	31	31	31	31	32	77	398	420
Interest earned - external investments	250	250	250	250	250	250	250	250	250	250	250	250	3,000	3,168	3,339
Interest earned - outstanding debtors	2	2	2	2	2	2	2	2	2	2	2	2	19	20	21
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	142	142	142	142	142	142	142	142	142	142	142	142	1,706	1,801	1,899
Licences and permits	482	482	482	482	482	482	482	482	482	482	482	482	5,780	6,104	6,433
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	26,351	2,300	1,	134	26,351	500	1,000	821	26,351	-	-	0	85,240	91,436	99,722
Other revenue	135	135	135	135	135	135	135	135	135	135	135	31,678	33,163	31,795	31,958
Cash Receipts by Source	47,303	23,252	22,383	21,086	47,303	21,452	21,952	21,773	47,303	20,952	20,952	52,496	368,206	387,023	409,717
Other Cash Flows by Source															
Transfer receipts - capital	11,148	-	-	-	11,148	-	-	-	11,148	-	-	-	33,444	41,840	36,392
Contributions recognised - capital & Contributed assets															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits															
Decrease (Increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
Total Cash Receipts by Source	58,451	23,252	22,383	21,086	58,451	21,452	21,952	21,773	58,451	20,952	20,952	52,496	401,650	428,863	446,109

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Cash Payments by Type</b>															
Employee related costs	8,891	8,891	8,891	8,891	17,781	8,891	8,891	8,891	8,891	8,891	8,891	8,886	115,577	122,049	128,640
Remuneration of councillors	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	12,306	12,995	13,697
Finance charges	30	-	-	-	-	-	-	-	-	-	-	-	30	-	-
Bulk purchases - Electricity	9,537	9,537	9,537	9,537	9,537	9,537	9,537	9,537	9,537	9,537	9,537	9,537	114,446	120,855	127,382
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	2,892	2,892	2,892	2,892	2,892	2,892	2,892	2,892	2,892	2,892	2,892	2,888	34,700	36,644	38,622
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	2,780	16,805	14,323	15,045
Other expenditure	4,505	4,505	4,505	4,505	4,505	4,505	4,505	4,505	4,505	4,505	4,505	4,499	54,054	58,797	61,886
<b>Cash Payments by Type</b>	<b>28,156</b>	<b>28,126</b>	<b>28,126</b>	<b>28,126</b>	<b>37,016</b>	<b>28,126</b>	<b>28,126</b>	<b>28,126</b>	<b>28,126</b>	<b>28,126</b>	<b>28,126</b>	<b>29,616</b>	<b>347,919</b>	<b>365,664</b>	<b>385,272</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	2,787	2,787	2,787	2,787	2,787	2,787	2,787	2,787	2,787	2,787	2,787	2,787	33,444	41,840	36,392
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>30,943</b>	<b>30,913</b>	<b>30,913</b>	<b>30,913</b>	<b>39,803</b>	<b>30,913</b>	<b>30,913</b>	<b>30,913</b>	<b>30,913</b>	<b>30,913</b>	<b>30,913</b>	<b>32,403</b>	<b>381,363</b>	<b>407,504</b>	<b>421,664</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>27,508</b>	<b>(7,661)</b>	<b>(8,530)</b>	<b>(9,827)</b>	<b>18,648</b>	<b>(9,461)</b>	<b>(8,961)</b>	<b>(9,140)</b>	<b>27,538</b>	<b>(9,961)</b>	<b>(9,961)</b>	<b>20,093</b>	<b>20,288</b>	<b>21,359</b>	<b>24,445</b>
Cash/cash equivalents at the month/year begin:		27,508	19,848	11,318	1,491	20,139	10,678	1,717	(7,422)	20,116	10,155	194	-	20,288	41,647
Cash/cash equivalents at the month/year end:	27,508	19,848	11,318	1,491	20,139	10,678	1,717	(7,422)	20,116	10,155	194	20,288	20,288	41,647	66,092



## **1.17 Annual budgets and SDBIPs – internal departments**

### **1.17.1 Water Services Department**

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

**Table 54 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure**

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Financial Performance</b>										
Property rates	25,075	24,264	29,812	31,671	33,677	33,677	–	40,313	42,570	44,869
Service charges	102,622	129,818	143,029	177,234	172,585	172,585	–	198,609	209,731	221,057
Investment revenue	331	3,640	653	3,470	3,300	3,300	–	3,000	3,168	3,339
Transfers recognised - operational	118,812	78,519	61,829	73,217	73,161	73,161	–	85,240	91,436	99,722
Other own revenue	7,649	8,454	21,596	28,840	33,315	33,314	–	41,044	40,118	41,231
<b>Total Revenue (excluding capital transfers and contributions)</b>	254,489	244,695	256,919	314,432	316,038	316,038	–	368,206	387,023	410,218
Employee costs	37,486	51,572	55,959	71,484	92,500	92,500	–	115,577	122,049	128,640
Remuneration of councillors	8,473	8,970	9,668	12,193	11,350	11,350	–	12,306	12,995	13,697
Depreciation & asset impairment	13,571	16,694	–	16,338	16,848	16,848	–	18,226	19,247	20,286
Finance charges	–	–	–	–	125	125	–	30	–	–
Materials and bulk purchases	54,561	80,185	82,097	114,493	100,500	100,500	–	114,446	120,855	127,382
Transfers and grants	–	–	–	–	14,929	14,929	–	16,805	14,323	15,045
Other expenditure	51,536	64,768	71,912	63,277	79,784	79,784	–	90,755	97,552	102,734
<b>Total Expenditure</b>	165,627	222,189	219,636	277,785	316,036	316,036	–	368,146	387,023	407,784
<b>Surplus/(Deficit)</b>	88,862	22,506	37,283	36,647	2	2	–	60	0	2,434
Transfers recognised - capital	–	–	–	48,605	41,105	41,105	–	33,444	41,840	36,392
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	88,862	22,506	37,283	85,252	41,107	41,107	–	33,504	41,840	38,826
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	88,862	22,506	37,283	85,252	41,107	41,107	–	33,504	41,840	38,826

**Table 55 Water Services Department – Performance objectives and indicators**

None

There are currently unfilled positions in the structure of the Water Services Section, including the position of Manager Water. The top management structure consists of the Director Technical Services and Manager Water. As part of the performance objectives for the 2012/13 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.

Significant capital projects to be undertaken over the medium term includes, amongst others:

- Replacement and upgrading of deficient reticulation infrastructure; and
- Purification plant upgrades.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R3 million, R3.1 million and R3.3 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2012/13 financial year is R20.2 million and increases to R22.5 million by 2014/15 and has been informed by a collection rate of 92 percent and distribution losses of 20 percent, as well as ensuring that all areas currently not metered have water meters installed this will increase the collection rate, reduce the losses and allow for more funds to be allocated to repairing the infrastructure.

The reduction of distribution losses is considered a priority and hence the departmental objectives and targets provide for a 1 percent efficiency gain per annum. In relation to this target, past performance has been irregular with a total distribution loss of 66.5 percent in 2010/11, dropping to 50 percent in the 2011/12 budget year but in the Adjustment budget estimated to be 60 percent and budgeted for 2012/13 at 45 percent for the year.

**Note: Municipalities would be required to undertake the aforementioned for each department/vote within the municipality.**

## **1.18 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **1.19 Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 56 MBRR SA 34a - Capital expenditure on new assets by asset class**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
-										
<b>Infrastructure</b>		24,995	21,686	26,703	34,748	34,748	34,748	33,444	41,840	36,392
Infrastructure - Road transport		502	2,653	15,458	20,975	20,975	20,975	25,444	26,840	28,392
Roads, Pavements & Bridges		502	2,653	15,458	20,975	20,975	20,975	25,444	26,840	28,392
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		3,750	6,629	10,040	13,773	13,773	13,773	8,000	15,000	8,000
Generation		3,750	6,629	10,040	13,773	13,773	13,773	8,000	15,000	8,000
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		859	-	40	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		859	-	40	-	-	-	-	-	-
Infrastructure - Sanitation		19,884	12,404	1,000	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		19,884	12,404	1,000	-	-	-	-	-	-
Infrastructure - Other		-	-	165	-	-	-	-	-	-
Waste Management		-	-	165	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
<b>Community</b>		30,037	69	12,548	13,500	6,000	6,000	-	-	-
Parks & gardens		400	69	1,005	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>									
Fire, safety & emergency	7	48	-	43	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		29,589	-	11,500	10,000	-	-	-	-	-
Other	8	-	-	-	3,500	6,000	6,000	-	-	-
<b>Heritage assets</b>	9	-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		1,462	271	492	-	-	-	-	-	-
General vehicles	10	-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		797	192	45	-	-	-	-	-	-
Furniture and other office equipment		471	57	65	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		194	22	382	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
<i>Other (list sub-class)</i>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	1	56,494	22,026	39,743	48,248	40,748	40,748	33,444	41,840	36,392
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

**Table 57 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>									
<b><u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u></b>										
<b><u>Infrastructure</u></b>		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
<b><u>Community</u></b>		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sports fields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>									
Recreational facilities	7	-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>	9	-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development	10	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		-	-	-	-	-	-	-	-	-
General vehicles	10	-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-



Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>									
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other ( <i>list sub-class</i> )		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>1</b>	-	-	-	-	-	-	-	-	-
<b>Specialized vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprecn"</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Table 58 MBRR SA34c - Repairs and maintenance expenditure by asset class**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
-										
<b>Infrastructure</b>		-	-	-	13,880	13,125	13,125	17,095	18,052	19,027
Infrastructure - Road transport		-	-	-	3,555	4,775	4,775	5,555	5,866	6,183
Roads, Pavements & Bridges					3,555	4,775	4,775	5,555	5,866	6,183
Storm water										
Infrastructure - Electricity		-	-	-	5,690	4,083	4,083	6,100	6,442	6,789
Generation										
Transmission & Reticulation					4,890	3,583	3,583	5,100	5,386	5,676
Street Lighting					800	500	500	1,000	1,056	1,113
Infrastructure - Water		-	-	-	2,625	3,557	3,557	3,400	3,590	3,784
Dams & Reservoirs										
Water purification					2,625	3,557	3,557	3,400	3,590	3,784
Reticulation										
Infrastructure - Sanitation		-	-	-	1,000	700	700	2,025	2,138	2,254
Reticulation										
Sewerage purification					1,000	700	700	2,025	2,138	2,254
Infrastructure - Other		-	-	-	1,010	10	10	15	16	17
Waste Management					1,010	10	10	15	16	17
Transportation	2									
Gas										
Other	3									
<b>Community</b>		-	-	-	980	3,206	3,206	1,502	1,586	1,672
Parks & gardens					120	100	100	70	74	78
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries					50	100	100	180	190	200
Recreational facilities					-	1,680	1,680	700	739	779

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>									
Fire, safety & emergency	7				310	1,165	1,165	454	479	505
Security and policing										
Buses										
Clinics										
Museums & Art Galleries	8				20	10	10	99	104	110
Cemeteries					430	100	100	–	–	–
Social rental housing										
Other					50	50	50	–	–	–
<b>Heritage assets</b>	9	–	–	–	–	–	–	–	–	–
Buildings										
Other										
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
Housing development	10									
Other										
<b>Other assets</b>		–	–	–	–	318	318	547	572	603
General vehicles										
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment						200	200	300	317	334
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings						118	118	212	223	235
Other Land										
Surplus Assets - (Investment or Inventory)										
Other								35	32	33
<b>Agricultural assets</b>		–	–	–	–	–	–	–	–	–
<i>List sub-class</i>										

Description  R thousand	Ref  1	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
<i>Other (list sub-class)</i>										
<b>Total Repairs and Maintenance Expenditure</b>	1	-	-	-	14,860	16,649	16,649	19,144	20,210	21,302
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
<b>R&amp;M as a % of PPE</b>		0.0%	0.0%	0.0%	5.4%	7.2%	7.2%	8.3%	8.8%	9.3%
<b>R&amp;M as % Operating Expenditure</b>		0.0%	0.0%	0.0%	5.3%	5.3%	5.3%	5.2%	5.2%	5.2%

**Table 59 MBRR SA34d - Future financial implications of the capital budget**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Depreciation by Asset Class/Sub-class</b>										
-										
<b>Infrastructure</b>		-	-	-	14,437	14,437	14,437	15,681	16,559	17,453
Infrastructure - Road transport		-	-	-	4,872	4,872	4,872	5,164	5,453	5,748
Roads, Pavements & Bridges		-	-	-	4,872	4,872	4,872	5,164	5,453	5,748
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	3,377	3,377	3,377	3,749	3,959	4,173
Generation		-	-	-	3,377	3,377	3,377	3,749	3,959	4,173
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	2,066	2,066	2,066	2,273	2,400	2,530
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	2,066	2,066	2,066	2,273	2,400	2,530
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	4,086	4,086	4,086	4,495	4,747	5,003
Reticulation		-	-	-	4,086	4,086	4,086	4,495	4,747	5,003
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	36	36	36	-	-	-
Waste Management		-	-	-	36	36	36	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
<b>Community</b>		-	-	-	855	855	855	906	956	1,008
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>	<b>1</b>									
Recreational facilities	7				652	652	652	692	730	770
Fire, safety & emergency										
Security and policing		–	–	–	33	33	33	35	37	39
Buses										
Clinics	8									
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other					170	170	170	179	189	199
<b>Heritage assets</b>		–	–	–	–	–	–	–	–	–
Buildings	9									
Other										
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
Housing development										
Other										
<b>Other assets</b>		–	–	–	1,046	1,556	1,556	1,640	1,732	1,825
General vehicles	10									
Specialised vehicles		–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment		–	–	–	193	193	193	203	214	226
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings		–	–	–	853	1,363	1,363	1,437	1,517	1,599
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
<b>Agricultural assets</b>		–	–	–	–	–	–	–	–	–
<i>List sub-class</i>										

Description  R thousand	Ref  1	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
<i>Other (list sub-class)</i>										
<b>Total Depreciation</b>	1	-	-	-	16,338	16,848	16,848	18,226	19,247	20,286
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										

**Table 60 MBRR SA35 - Future financial implications of the capital budget****KZN263 Abaqulusi - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description  R thousand	Ref	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
<b>Capital expenditure</b>	1							
Vote 1 - Municipal Governance & Administration		–	–	–				
Vote 2 - Budget & Treasury		600	634	668				
Vote 3 - Corporate Services		60	–	–				
Vote 4 - Community & Public Safety		2,435	2,571	2,710				
Vote 5 - Economic & Environmental Services		25,684	27,093	28,659				
Vote 6 - Trading Services		8,425	15,449	8,473				
Vote 7 - Other		–	–	–				
Vote 8 -		–	–	–				
Vote 9 -		–	–	–				
Vote 10 -		–	–	–				
Vote 11 -		–	–	–				
Vote 12 -		–	–	–				
Vote 13 -		–	–	–				
Vote 14 -		–	–	–				
Vote 15 -		–	–	–				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>37,204</b>	<b>45,746</b>	<b>40,510</b>	–	–	–	–
<b>Future operational costs by vote</b>	2							
Vote 1 - Municipal Governance & Administration								
Vote 2 - Budget & Treasury								
Vote 3 - Corporate Services								
Vote 4 - Community & Public Safety								
Vote 5 - Economic & Environmental Services								
Vote 6 - Trading Services								
Vote 7 - Other								
Vote 8 -								
Vote 9 -								
Vote 10 -								
Vote 11 -								



**KZN263 Abaqulusi - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description  R thousand	Ref	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
Vote 12 -	3							
Vote 13 -								
Vote 14 -								
Vote 15 -								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b><u>Future revenue by source</u></b>								
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		37,204	45,746	40,510	-	-	-	-

**Table 61 MBRR SA36 - Detailed capital budget per municipal vote**

Municipal Vote/Capital project  R thousand	Ref  4	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)  6	Asset Class  3	Asset Sub- Class  3	GPS co- ordinates  5	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
<b>Parent municipality:</b> <i>List all capital projects grouped by Municipal Vote</i>																
		Roads & Storm Water							84,957			15,282	16,118	17,071		New
		Rural Projects							56,520			10,162	10,722	11,311		New
		Vryheid & Surrounding areas							12,650			1,500	1,535	1,500		New
		Emondlo							11,058			1,500	1,535	2,023		New
		Hlobane							4,735			500	535	700		New
		Coronation							3,535			500	535	500		New
		Nkongolwane							1,996			250	285	211		New
		Kwamnyathi							1,896			250	285	211		New
		Louwsburg							1,877			250	285	211		New
		Rural areas							2,196			250	285	211		New
<b>Parent Capital expenditure</b>	<b>1</b>											<b>30,444</b>	<b>32,120</b>	<b>33,947</b>		
<b>Entities:</b> <i>List all capital projects grouped by Entity</i>																
<b>Entity A</b> Water project A																
<b>Entity B</b> Electricity project B																
<b>Entity Capital expenditure</b>										-	-	-	-	-		
<b>Total Capital expenditure</b>										-	-	<b>30,444</b>	<b>32,120</b>	<b>33,947</b>		

**Table 62 MBRR SA37 - Projects delayed from previous financial year**

Municipal Vote/Capital project	Ref 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co- ordinate s 4	Previous target year to complete	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2012/1 3	Budget Year +1 2013/1 4	Budget Year +2 2014/1 5
R thousand							Year					
<b>Parent municipality:</b> <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
		<b>Ethema Road (8/2/1/163) 6.4km</b>		<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>			<b>2,446</b>	–	<b>2,446</b>		
		Kwatsheku Road (8/2/1/164) 5.2km	(8/2/1/164) 5.2km	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>			1,404	–	1,404		
		Esigodini Road (8/2/1/165) 2.2km	(8/2/1/165) 2.2km	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>			1,131	–	1,131		
		Emondlo Roads & Storm Water Phase 3	(8/2/1/156)	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>			7,179	1,919	5,260		
		Nceceni Road (8/2/1/162) 3.7 km	(8/2/1/162) 3.7 km	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>			1,844	–	1,844		
		Bhekumthetho Road (8/2/1/166) 4.1km	(8/2/1/166) 4.1km	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>			1,743	–	1,743		
		Bhekuzulu Phase 6B Bus Route	8/2/1/150	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>			10,500	–	10,500		
<b>Entities:</b> <i>List all capital projects grouped by Municipal Entity</i>												
<b>Entity Name</b> <i>Project name</i>												

## 1.20 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has resigned during March 2012 and an advertisement was sent to the Human Resources to advertise the position. Of the remaining four, two will complete their two year contracts at the end of December 2012 and the other two at the end of January 2013. Since the introduction of the Internship programme the Municipality has successfully employed and trained interns through this programme and a majority of them were appointed either in the Municipality or other municipalities. The Finance department also has 1 In-service trainee for a year completing her practical experience and the Internal Audit Unit has appointed 2 IMFO In-service trainees.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2012/13 MTREF in June 2012 directly aligned and informed by the 2012/13 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented for the Municipality's internal employees and training is ongoing.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

## 1.21 Other supporting documents

**Table 63 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b><u>Property rates</u></b>	6										
Total Property Rates		26,172	27,084	32,812	34,671	35,867	35,867		39,453	41,663	43,913
<i>less Revenue Foregone</i>		1,097	2,820	3,000	3,000	3,000	3,000				
<b>Net Property Rates</b>		25,075	24,264	29,812	31,671	32,867	32,867	–	39,453	41,663	43,913
<b><u>Service charges - electricity revenue</u></b>	6										
Total Service charges - electricity revenue		73,376	94,149	103,920	141,816	125,939	125,939		143,363	151,392	159,567
<i>less Revenue Foregone</i>		4,302	3,796	4,000	2,500	2,500	2,500				
<b>Net Service charges - electricity revenue</b>		69,074	90,353	99,920	139,316	123,439	123,439	–	143,363	151,392	159,567
<b><u>Service charges - water revenue</u></b>	6										
Total Service charges - water revenue		16,215	17,740	23,036	21,124	22,934	22,934		26,413	27,892	29,398
<i>less Revenue Foregone</i>		1,860	1,341	2,598	1,200						
<b>Net Service charges - water revenue</b>		14,355	16,399	20,438	19,924	22,934	22,934	–	26,413	27,892	29,398
<b><u>Service charges - sanitation revenue</u></b>	6										
Total Service charges - sanitation revenue		13,672	14,769	13,855	14,639	14,729	14,729		16,203	17,110	18,034
<i>less Revenue Foregone</i>		2,733	1,834	2	5,100						
<b>Net Service charges - sanitation revenue</b>		10,939	12,935	13,853	9,539	14,729	14,729	–	16,203	17,110	18,034
<b><u>Service charges - refuse revenue</u></b>	6										
Total refuse removal revenue		10,130	12,638	11,518	11,355	14,383	14,383		12,630	13,338	14,058
Total landfill revenue		–	–	–	–	–	–	–	–	–	–
<i>less Revenue Foregone</i>		1,876	2,507	2,700	2,900	2,900	2,900				
<b>Net Service charges - refuse revenue</b>		8,254	10,131	8,818	8,455	11,483	11,483	–	12,630	13,338	14,058
<b><u>Other Revenue by source</u></b>											
<i>Lost book charges</i>						4	4		5	5	5

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
<i>Building plan fees</i>						67	67		71	75	79
<i>Burial fees</i>						179	179		184	195	205
<i>ZDM Grant: Tourism</i>						50	50		–	–	–
<i>SETA</i>						265	265		160	169	178
<i>ZDM Grant Water</i>						650	650		–	–	–
<i>Entrance Fees-Recreational Facilities</i>						13	13		13	14	15
<i>Entrance fees - Klipfontein</i>						53	53		56	59	62
<i>Entrance fees gate</i>						9	9		9	10	10
<i>Special consent</i>						1,677	1,677		1,778	1,877	1,979
<i>Monument erection</i>						34	34		35	37	39
<i>Sundry /Other</i>	3	2,379	1,696	17,911	21,139	22,071	22,071		30,851	29,354	29,886
<b>Total 'Other' Revenue</b>	1	<b>2,379</b>	<b>1,696</b>	<b>17,911</b>	<b>21,139</b>	<b>25,071</b>	<b>25,071</b>	–	<b>33,163</b>	<b>31,795</b>	<b>32,459</b>
<b>EXPENDITURE ITEMS:</b>											
<b><u>Employee related costs</u></b>											
<i>Basic Salaries and Wages</i>	2	34,678	42,748	44,109	58,638	52,390	52,390		69,373	73,257	77,213
<i>Pension and UIF Contributions</i>						10,176	10,176		14,165	14,959	15,766
<i>Medical Aid Contributions</i>						3,332	3,332		4,382	4,627	4,877
<i>Overtime</i>		5,476	5,807	6,659	6,255	8,000	8,000		4,300	4,541	4,786
<i>Performance Bonus</i>		2,847	3,830	4,437	5,572	4,426	4,426		5,917	6,248	6,586
<i>Motor Vehicle Allowance</i>						6,342	6,342		8,546	9,025	9,512
<i>Cellphone Allowance</i>						611	611		700	739	779
<i>Housing Allowances</i>		469	285	337	487	434	434		492	520	548
<i>Other benefits and allowances</i>						1,790	1,790		1,859	1,964	2,070
<i>Payments in lieu of leave</i>									2,600	2,746	2,894
<i>Long service awards</i>		44	40	417	532				31	32	34
<i>Post-retirement benefit obligations</i>	4		2,008			5,000	5,000		3,212	3,392	3,575
<b><i>Sub-total</i></b>	5	<b>43,514</b>	<b>54,718</b>	<b>55,959</b>	<b>71,484</b>	<b>92,500</b>	<b>92,500</b>	–	<b>115,577</b>	<b>122,049</b>	<b>128,640</b>
<b><i>Less: Employees costs capitalized to PPE</i></b>		<b>6,028</b>	<b>3,146</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	–	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Employee related costs</b>	1	<b>37,486</b>	<b>51,572</b>	<b>55,959</b>	<b>71,484</b>	<b>92,500</b>	<b>92,500</b>	–	<b>115,577</b>	<b>122,049</b>	<b>128,640</b>
<b><u>Contributions recognised - capital</u></b>											
<i>List contributions by contract</i>											

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
<b>Total Contributions recognised - capital</b>		-	-	-	-	-	-	-	-	-	-
<b><u>Depreciation &amp; asset impairment</u></b>											
Depreciation of Property, Plant & Equipment		13,539	16,528	-	16,338	16,848	16,848		18,226	19,247	20,286
Lease amortisation		32	166	-	-	-	-	-	-	-	-
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Depreciation &amp; asset impairment</b>	10	<b>13,571</b>	<b>16,694</b>	<b>-</b>	<b>16,338</b>	<b>16,848</b>	<b>16,848</b>	<b>-</b>	<b>18,226</b>	<b>19,247</b>	<b>20,286</b>
<b><u>Bulk purchases</u></b>											
Electricity Bulk Purchases		39,969	60,064	82,097	99,300	100,500	100,500		114,446	120,855	127,382
Water Bulk Purchases		-	-	-	-	-	-	-	-	-	-
<b>Total bulk purchases</b>	1	<b>39,969</b>	<b>60,064</b>	<b>82,097</b>	<b>99,300</b>	<b>100,500</b>	<b>100,500</b>	<b>-</b>	<b>114,446</b>	<b>120,855</b>	<b>127,382</b>
<b><u>Transfers and grants</u></b>											
Cash transfers and grants		-	-	-	-	3,790	3,790	-	3,925	2,782	3,339
Non-cash transfers and grants		-	-	-	-	11,139	11,139	-	12,880	11,541	11,706
<b>Total transfers and grants</b>	1	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,929</b>	<b>14,929</b>	<b>-</b>	<b>16,805</b>	<b>14,323</b>	<b>15,045</b>
<b><u>Contracted services</u></b>											
Internal Audit		317	365	883	1,000	200	200		700	739	779
Meter Reading		313	286	1,400	1,450	1,889	1,889		2,038	2,152	2,268
Computer Services		760	1,953	956	770	1,750	1,750		1,556	1,643	1,732
Photocopiers & Faxes				674	650	547	547		600	634	668
Lease of Vehicles				2,390	6,010	4,160	4,160		6,579	6,947	7,323
Parks				5,281	5,700	5,700	5,700		7,170	7,572	7,980
Security				4,731	5,500	5,310	5,310		7,500	7,920	8,348
Refuse Removal				5,976	6,500	5,960	5,960		7,000	7,392	7,791
Steiner				195	200	346	346		179	189	199
Digging of Graves				79	100	94	94		100	106	111
Engineer						384	384		850	898	946
Water Purification						163	163		179	189	199
Public Safety									250	264	278

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
<b>sub-total</b>	1	1,390	2,604	22,565	27,880	26,504	26,504	–	34,700	36,644	38,622
<b>Allocations to organs of state:</b>											
Electricity		–	–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
<b>Total contracted services</b>		1,390	2,604	22,565	27,880	26,504	26,504	–	34,700	36,644	38,622
<b>Other Expenditure By Type</b>	-										
Collection costs		–	–	–	–	–	–	–	–	–	–
Contributions to 'other' provisions		5,106	11,433	–	–	8,500	8,500	–	4,600	4,858	5,120
Consultant fees		–	–	1,605	2,500	1,000	1,000				
Audit fees		–	–	1,605	2,500	1,388	1,388		1,700	1,795	1,892
General expenses	3	45,040	50,731	46,137	30,397	42,391	42,391		16,428	28,277	29,718
<i>List Other Expenditure by Type</i>											
<i>Commision on Vendor Sales</i>									444	468	494
<i>Ward Committee Members Allowance</i>									1,400	1,478	1,558
<i>Shared Services</i>									200	500	527
<i>Newsletter &amp; Radio Slot</i>									200	211	223
<i>Advertisements &amp; Notices</i>									586	618	652
<i>Banking Services</i>									300	317	334
<i>Bank Charges</i>									600	634	668
<i>Chemicals</i>									1,219	1,287	1,357
<i>Cleaning Materials</i>									308	325	343
<i>Electricity, Water &amp; Services</i>									5,626	5,941	6,262
<i>Community Development Projects</i>									500	528	557
<i>Strategic Planning Projects</i>									250	264	278
<i>Insurances</i>									1,100	1,162	1,224
<i>Legal Fees</i>									455	480	506
<i>Postage</i>									538	568	599
<i>Printing and Stationery</i>									1,051	1,109	1,169
<i>Subsistence and Travelling</i>									2,100	2,217	2,337
<i>Sports &amp; Community Service Functions</i>									1,000	1,056	1,113



Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
Rental of Office Equipment									600	634	668
Fuel & Lubricants									2,626	2,773	2,923
Telephones									10,226	1,295	1,365
<b>Total 'Other' Expenditure</b>	1	50,146	62,164	49,347	35,397	53,279	53,279	–	54,055	58,797	61,886
<b>Repairs and Maintenance by Expenditure Item</b>	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		14,592	20,121	10,971	15,193	16,649	16,649		19,144	20,210	21,302
<b>Total Repairs and Maintenance Expenditure</b>	9	14,592	20,121	10,971	15,193	16,649	16,649	–	19,144	20,210	21,302

**Table 64 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

Description	Ref	Vote 1 - Municipal Governance & Administration	Vote 2 - Budget & Treasury	Vote 3 - Corporate Services	Vote 4 - Community & Public Safety	Vote 5 - Economic & Environmental Services	Vote 6 - Trading Services	Vote 7 - Other	Total
<b>R thousand</b>	1								
<b>Revenue By Source</b>									
Property rates			39,453						39,453
Property rates - penalties & collection charges			859						859
Service charges - electricity revenue							143,363		143,363
Service charges - water revenue							26,413		26,413
Service charges - sanitation revenue							16,203		16,203
Service charges - refuse revenue							12,630		12,630
Service charges - other									-
Rental of facilities and equipment			97	90	180	11			377
Interest earned - external investments			3,000						3,000
Interest earned - outstanding debtors			19						19
Dividends received									-
Fines					1,706				1,706
Licences and permits					3,803	1,977			5,780
Agency services									-
Other revenue			32,340	160	345	317			33,163
Transfers recognised - operational		6,159	68,195	500	1,565	1,000	7,721	100	85,240
Gains on disposal of PPE									-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>6,159</b>	<b>143,963</b>	<b>750</b>	<b>7,600</b>	<b>3,305</b>	<b>206,330</b>	<b>100</b>	<b>368,206</b>
<b>Expenditure By Type</b>									
Employee related costs		9,803	13,844	10,477	22,175	18,416	40,588	275	115,577
Remuneration of councillors		12,306							12,306
Debt impairment		2,000							2,000
Depreciation & asset impairment		152	203	1,437	726	5,192	10,517		18,226
Finance charges			30						30
Bulk purchases							114,446		114,446
Other materials		-							-
Contracted services		700	1,350	8,725	8,710	3,054	12,161		34,700
Transfers and grants		925	4,500	500	-	1,000	9,880		16,805
Other expenditure		10,564	3,731	3,809	7,161	9,356	19,239	195	54,055
Loss on disposal of PPE									-
<b>Total Expenditure</b>		<b>36,450</b>	<b>23,658</b>	<b>24,948</b>	<b>38,772</b>	<b>37,017</b>	<b>206,832</b>	<b>470</b>	<b>368,146</b>

Description	Ref	Vote 1 - Municipal Governance & Administration	Vote 2 - Budget & Treasury	Vote 3 - Corporate Services	Vote 4 - Community & Public Safety	Vote 5 - Economic & Environmental Services	Vote 6 - Trading Services	Vote 7 - Other	Total
<b>R thousand</b>	1								
<b>Surplus/(Deficit)</b>		(30,291)	120,306	(24,198)	(31,172)	(33,712)	(502)	(370)	60
Transfers recognised - capital			-			-	33,444		33,444
Contributions recognised - capital									-
Contributed assets									-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(30,291)	120,306	(24,198)	(31,172)	(33,712)	32,942	(370)	33,504

**Table 65 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
<b>ASSETS</b>											
<b><u>Call investment deposits</u></b>											
Call deposits < 90 days		34,767	38,497	38,497	38,497	11,526	11,526	–	74,678	53,500	54,000
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
<b>Total Call investment deposits</b>	2	<b>34,767</b>	<b>38,497</b>	<b>38,497</b>	<b>38,497</b>	<b>11,526</b>	<b>11,526</b>	–	<b>74,678</b>	<b>53,500</b>	<b>54,000</b>
<b><u>Consumer debtors</u></b>											
Consumer debtors		23,715	33,220	33,220	50,500	43,408	43,408	–	43,500	43,500	43,500
Less: Provision for debt impairment		(1,940)	(13,008)	–	–	7,000	–	–	(2,000)	(2,112)	(2,226)
<b>Total Consumer debtors</b>	2	<b>21,775</b>	<b>20,212</b>	<b>33,220</b>	<b>50,500</b>	<b>50,408</b>	<b>43,408</b>	–	<b>41,500</b>	<b>41,388</b>	<b>41,274</b>
<b><u>Debt impairment provision</u></b>											
Balance at the beginning of the year		–	–	–	–	–	–	–	–	–	–
Contributions to the provision		–	–	–	–	–	–	–	2,000	2,112	2,226
Bad debts written off		8,309	–	–	–	–	–	–	–	–	–
<b>Balance at end of year</b>		<b>8,309</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,000</b>	<b>2,112</b>	<b>2,226</b>
<b><u>Property, plant and equipment (PPE)</u></b>											
PPE at cost/valuation (excl. finance leases)		–	–	273,318	273,318	230,650	230,650	–	230,000	230,000	230,000
Leases recognised as PPE	3	–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		–	–	–	–	–	–	–	–	–	–
<b>Total Property, plant and equipment (PPE)</b>	2	<b>–</b>	<b>–</b>	<b>273,318</b>	<b>273,318</b>	<b>230,650</b>	<b>230,650</b>	–	<b>230,000</b>	<b>230,000</b>	<b>230,000</b>
<b>LIABILITIES</b>											
<b><u>Current liabilities - Borrowing</u></b>											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		–	1,856	1,856	1,856	–	–	–	1,856	–	–
<b>Total Current liabilities - Borrowing</b>		<b>–</b>	<b>1,856</b>	<b>1,856</b>	<b>1,856</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,856</b>	<b>–</b>	<b>–</b>
<b><u>Trade and other payables</u></b>											
Trade and other creditors		20,536	20,831	20,831	21,071	20,316	20,316	–	20,300	20,300	20,500
Unspent conditional transfers		5,054	8,644	8,644	8,644	–	–	–	9,000	–	–
VAT		10,739	10,037	10,037	10,037	–	–	–	–	–	–

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>											
<b>Total Trade and other payables</b>	2	36,329	39,512	39,512	39,752	20,316	20,316	–	29,300	20,300	20,500
<b><u>Non current liabilities - Borrowing</u></b>											
Borrowing	4	–	–	1,856	1,856	1,856	1,856		–	–	–
Finance leases (including PPP asset element)											
<b>Total Non current liabilities - Borrowing</b>		–	–	1,856	1,856	1,856	1,856	–	–	–	–
<b><u>Provisions - non-current</u></b>											
Retirement benefits		–	–	–	–	39,718	39,718		40,000	40,000	40,000
List other major provision items											
Refuse landfill site rehabilitation		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
<b>Total Provisions - non-current</b>		–	–	–	–	39,718	39,718	–	40,000	40,000	40,000
<b>CHANGES IN NET ASSETS</b>											
<b><u>Accumulated Surplus/(Deficit)</u></b>											
Accumulated Surplus/(Deficit) - opening balance		–	–	–	–	–	–	–	–	–	–
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)		88,862	22,506	37,283	85,252	41,107	41,107	–	33,504	41,840	38,826
Appropriations to Reserves		–	–	–	–	–	–	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–	–	–	–	–	–	–	–
<b>Accumulated Surplus/(Deficit)</b>	1	88,862	22,506	37,283	85,252	41,107	41,107	–	33,504	41,840	38,826
<b><u>Reserves</u></b>											
Housing Development Fund		–	–	–	–	777	777	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
<b>Total Reserves</b>	2	–	–	–	–	777	777	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	88,862	22,506	37,283	85,252	41,884	41,884	–	33,504	41,840	38,826

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15

R thousand

**Total capital expenditure includes expenditure on nationally significant priorities:**

Provision of basic services		-	-	-	-	-	-	-	-	-	-

**Table 66 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>							213	248				
Population												
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
<b>Monthly household income (no. of households)</b>	1, 12	-										
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
> R819 200												
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13											
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area												
Number of poor people in municipal area												
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)												
<b>Housing statistics</b>	3											
Formal												
Informal												
<b>Total number of households</b>			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
<b>Total new housing dwellings</b>			-	-	-	-	-	-	-	-	-	-
<b>Economic</b>	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment			-	-	-							
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Interest - debtors												
Revenue from agency services												



**Table 67 MBRR SA32 – List of external mechanisms**

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Pure Magic			Refuse Removal		6,812
MPS Security			Security		5,919
RIS Motors			Car Rental		4,062
BPG Mass Appraisals			Valuation Roll		360
Quantum Leap Investments			Grass cutting & cleaning		6,019
Shalom Security			Caretakers at dam		89
Itec			Office Machine Rental		344
Upward Spiral			Office Machine Rental		148
Yuretec			Office Machine Rental		162
G4S Cash Solutions			Cash Collection		313
Munsoft			IT Rental		673
Payday			Payroll Support		82
Total Client Services			Traffic Summons System		698
Fleet Africa			Car Rental		1,365
Link Up Security			After Hours Monitoring		415
KD Electrical			Meter Reading		295
Municipal Incorp			Meter Reading		770
KEV			Meter Reading		820
Izingcweti Zomzansi Consultants			Responsible Electrical Person		950
<b>Brandfin</b>			Speed Fine Machine Rental		<b>155</b>

Our Ref.: 9/1/1/7

Your Ref.



57, VRYHEID 3100



c/o, Mark &amp; High Street

(034) 982-2133

Fax: (034) 982-1939

E-mail: finance@abaqulusi.gov.za

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## QUALITY CERTIFICATE

I, **C A SWANEPOEL**, Acting Municipal Manager of **ABAQULUSI MUNICIPALITY**, hereby certify that: (mark as appropriate)

- ☐ The monthly budget statement
- ☐ Quarterly report on the implementation of the budget and financial state of affairs to the municipality
- ☐ Mid-year budget and performance assessment
- ☒ Medium Term Budget

For the Adjustment Budget as at the end of December of 2011 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

**C A SWANEPOEL**  
**ACTING MUNICIPAL MANAGER**  
**ABAQULUSI MUNICIPALITY**  
**KZN263**

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_